

ANNUAL STATEMENT

For the Year Ending December 31, 2003

OF THE CONDITIONS AND AFFAIRS OF THE

Better Health Plans, Inc.

NAIC Group Code	2718	2718	NAIC Company Code	11139	Employer's ID Number	62-1839257
	(Current Period)	(Prior Period)				
Organized under the Laws of	Tennessee		State of Domicile or Port of Entry	Tennessee		
Country of Domicile	United States of America					
Licensed as business type:	Life, Accident & Health [] Dental Service Corporation [] Other []		Property/Casualty[] Vision Service Corporation [] Is HMO Federally Qualified? Yes[] No[X]		Hospital, Medical & Dental Service or Indemnity[] Health Maintenance Organization [X]	
Incorporated	08/09/2000		Commenced Business	07/01/2001		
Statutory Home Office	1000 Ridgeway Loop Road, Suite 203 (Street and Number)		Memphis, TN 38120 (City, or Town, State and Zip Code)			
Main Administrative Office	300 Oxford Drive (Street and Number)		300 Oxford Drive (Street and Number)			
	Monroeville, PA 15146 (City, or Town, State and Zip Code)		(412)858-4000 (Area Code)(Telephone Number)			
Mail Address	300 Oxford Drive (Street and Number)		Monroeville, PA 15146 (City, or Town, State and Zip Code)			
Primary Location of Books and Records	300 Oxford Drive (Street and Number)		300 Oxford Drive (Street and Number)			
	Monroeville, PA 15146 (City, or Town, State and Zip Code)		(412)858-4000 (Area Code)(Telephone Number)			
Internet Website Address	www.trhp.com					
Statutory Statement Contact	Leslie Ann Gelpi (Name)		(412)858-4145 (Area Code)(Telephone Number)			
	lgelpi@trhp.com (E-Mail Address)		(412)457-1414 (Fax Number)			
Policyowner Relations Contact	300 Oxford Drive (Street and Number)		300 Oxford Drive (Street and Number)			
	Monroeville, PA 15146 (City, or Town, State and Zip Code)		(800)400-4003 (Area Code)(Telephone Number)			

OFFICERS

Chief Executive Officer/ President	Thomas Warren Carmichael
Secretary/Treasurer	William Howard Lawson Jr.
Vice President-Finance/Ass. Secy/Ass. Treasurer	Leslie Ann Gelpi
Vice President-Marketing & Provider Relations	Jennifer Lee Kessler
Vice President - Operations	Fred Owen Madill
Vice President/General Counsel	David William Thomas
Compliance Officer	Heather Rachelle Miller
Vice President – Medical Operations	Shirley Jean Blevins

VICE PRESIDENTS

DIRECTORS OR TRUSTEES

Thomas Warren Carmichael	William Howard Lawson Jr.
John Hull Dobbs Jr.	

State of	Pennsylvania
County of	Allegheny

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC *Annual Statement Instructions and Accounting Practices and Procedures* manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively, or (3) includes supplemental ASO reconciliation statements for the state agency involved, according to the best of their information, knowledge and belief, respectively.

(Signature)	(Signature)	(Signature)
Thomas Warren Carmichael	William Howard Lawson, Jr.	Leslie Ann Gelpi
(Printed Name)	(Printed Name)	(Printed Name)
CEO/President	Secretary/Treasurer	VP Finance/Asst.Treasurer/Asst.Secretary

Subscribed and sworn to before me this

_____ day of _____	2004	a. Is this an original filing?	Yes [x] No []
		b. If no,	
		1. State the amendment number	_____
		2. Date filed	_____
		3. Number of pages attached	_____

(Notary Public Signature)

February 27, 2004

Employee Benefits
Consulting

I, Barbara V. Scheil, am associated with the firm of Aon Consulting, Inc. I am a Member of the American Academy of Actuaries and have been retained by Better Health Plans, Inc. with regard to loss reserves, actuarial liabilities and related items.

I have examined the assumptions and methods used in determining loss reserves, actuarial liabilities and related items listed below, as shown in the Annual Statement of Better Health Plans, Inc. as prepared for filing with Tennessee regulatory officials, as of December 31, 2003.

<u>Item</u>	<u>Amount</u>	<u>Schedule</u>
Benefits incurred but not paid (Net of \$0 reduction for anticipated reinsurance recoveries)	\$ 18,360	
<u>Provision to meet 85% Minimum Loss Ratio Requirement</u>	<u>4,880,455</u>	
Claims Unpaid	\$4,898,815	Page 3 Line 1
Unpaid claims adjustment expenses	\$ 275,743	Page 3 Line 3

I relied upon the underlying records and summaries prepared by the responsible officers or employees of Three Rivers Administrative Services, LLC, an affiliate of Better Health Plans, Inc. In other respects, my examination included such review of the assumptions and methods used and such tests of the calculations as I considered necessary.

In my opinion, the amounts carried in the balance sheet on account of the items identified above:

- A. Are in accordance with accepted actuarial standards consistently applied and are fairly stated in accordance with sound actuarial principles,
- B. Are based on actuarial assumptions relevant to contract provisions and appropriate to the purpose for which the statement was prepared,
- C. Meet the requirements of the laws of Tennessee,
- D. Make a good and sufficient provision for all unpaid claims and other actuarial liabilities of organization under the terms of its contracts and agreements,
- E. Are computed on the basis of assumptions which are consistent with those used in computing the corresponding items in previous quarterly and annual reports of Better Health Plans, and
- F. Include appropriate provision for all actuarial items that ought to be established.

Furthermore, the Underwriting and Investment Exhibit – Part 2B was prepared consistent with Actuarial Standards of Practice No. 5, Incurred Health Claims Liabilities, Section 3.6 Follow-up Studies, adopted by the Actuarial Standards Board of the American Academy of Actuaries in January 2000.

Actuarial methods, considerations, and analyses used in forming my opinion conform to the relevant Standards of Practice as promulgated from time to time by the Actuarial Standards Boards, which standards form the basis of this statement of opinion.



Barbara V. Scheil, FSA, MAAA
Member of the American Academy of Actuaries

ASSETS

		Current Year			Prior Year
		1	2	3	4
		Assets	Nonadmitted Assets	Net Admitted Assets (Cols.1-2)	Net Admitted Assets
1.	Bonds (Schedule D)	1,119,954		1,119,954	1,153,235
2.	Stocks (Schedule D)				
2.1	Preferred stocks				
2.2	Common Stocks				
3.	Mortgage loans on real estate (Schedule B):				
3.1	First liens				
3.2	Other than first liens				
4.	Real estate (Schedule A):				
4.1	Properties occupied by the company (less \$..... encumbrances)				
4.2	Properties held for the production of income (less \$..... encumbrances)				
4.3	Properties held for sale (less \$..... encumbrances)				
5.	Cash (\$.....8,461,400 Schedule E Part 1), cash equivalents (\$..... Schedule E Part 2) and short-term investments (\$..... Schedule DA)	8,461,400		8,461,400	9,746,397
6.	Contract loans (including \$..... premium notes)				
7.	Other invested assets (Schedule BA)				
8.	Receivable for securities				
9.	Aggregate write-ins for invested assets				
10.	Subtotals, cash and invested assets (Lines 1 to 9)	9,581,354		9,581,354	10,899,632
11.	Investment income due and accrued	27,465		27,465	32,475
12.	Premiums and considerations				
12.1	Uncollected premiums and agents' balances in the course of collection				14,952
12.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due (Including \$..... earned but unbilled premiums)				
12.3	Accrued retrospective premiums				
13.	Reinsurance:				
13.1	Amounts recoverable from reinsurers				11,607
13.2	Funds held by or deposited with reinsured companies				
13.3	Other amounts receivable under reinsurance contracts				
14.	Amounts receivable relating to uninsured plans	40,098		40,098	609,607
15.1	Current federal and foreign income tax recoverable and interest thereon ...				
15.2	Net deferred tax asset				
16.	Guaranty funds receivable or on deposit				
17.	Electronic data processing equipment and software				
18.	Furniture and equipment, including health care delivery assets (\$.....)				
19.	Net adjustment in assets and liabilities due to foreign exchange rates				
20.	Receivables from parent, subsidiaries and affiliates				
21.	Health care (\$.....) and other amounts receivable				
22.	Other assets nonadmitted				
23.	Aggregate write-ins for other than invested assets	15,390	15,390		
24.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	9,664,307	15,390	9,648,917	11,568,273
25.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
26.	Total (Lines 24 and 25)	9,664,307	15,390	9,648,917	11,568,273
DETAILS OF WRITE-INS					
0901	.....			
0902	.....			
0903	.....			
0998.	Summary of remaining write-ins for Line 9 from overflow page				
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above)				
2301.	Prepaid Expenses	15,390	15,390		
2302	.....			
2303	.....			
2398.	Summary of remaining write-ins for Line 23 from overflow page				
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)	15,390	15,390		

LIABILITIES, CAPITAL AND SURPLUS

		Current Year			Prior Year
		1 Covered	2 Uncovered	3 Total	4 Total
1.	Claims unpaid (less \$..... reinsurance ceded)	4,898,815		4,898,815	7,224,929
2.	Accrued medical incentive pool and bonus amounts				
3.	Unpaid claims adjustment expenses	275,743		275,743	299,935
4.	Aggregate health policy reserves				
5.	Aggregate life policy reserves				
6.	Property/casualty unearned premium reserves				
7.	Aggregate health claim reserves				
8.	Premiums received in advance	291,006		291,006	291,006
9.	General expenses due or accrued	39,243		39,243	30,269
10.1	Current federal and foreign income tax payable and interest thereon (including \$..... on realized capital gains (losses))				
10.2	Net deferred tax liability				
11.	Ceded reinsurance premiums payable				
12.	Amounts withheld or retained for the account of others				
13.	Remittance and items not allocated				
14.	Borrowed money (including \$..... current) and interest thereon \$..... (including \$..... current)				
15.	Amounts due to parent, subsidiaries and affiliates	139,402		139,402	200,573
16.	Payable for securities				
17.	Funds held under reinsurance treaties with (\$..... authorized reinsurers and \$..... unauthorized reinsurers)				
18.	Reinsurance in unauthorized companies				
19.	Net adjustments in assets and liabilities due to foreign exchange rates				
20.	Liability for amounts held under uninsured accident and health plans				
21.	Aggregate write-ins for other liabilities (including \$..... current)				
22.	TOTAL Liabilities (Lines 1 to 21)	5,644,209		5,644,209	8,046,712
23.	Common capital stock	X X X	X X X	100	100
24.	Preferred capital stock	X X X	X X X		
25.	Gross paid in and contributed surplus	X X X	X X X	2,989,400	2,989,400
26.	Surplus notes	X X X	X X X		
27.	Aggregate write-ins for other than special surplus funds	X X X	X X X		
28.	Unassigned funds (surplus)	X X X	X X X	1,015,208	532,061
29.	Less treasury stock, at cost:	X X X	X X X		
29.1	..... shares common (value included in Line 23 \$.....)	X X X	X X X		
29.2	..... shares preferred (value included in Line 24 \$.....)	X X X	X X X		
30.	TOTAL capital and surplus (Lines 23 to 28 minus Line 29)	X X X	X X X	4,004,708	3,521,561
31.	TOTAL Liabilities, capital and surplus (Lines 22 and 30)	X X X	X X X	9,648,917	11,568,273
DETAILS OF WRITE-INS					
2101	.....			
2102	.....			
2103	.....			
2198.	Summary of remaining write-ins for Line 21 from overflow page				
2199.	TOTALS (Lines 2101 through 2103 plus 2198) (Line 21 above)				
2701	.....	X X X	X X X		
2702	.....	X X X	X X X		
2703	.....	X X X	X X X		
2798.	Summary of remaining write-ins for Line 27 from overflow page	X X X	X X X		
2799.	TOTALS (Lines 2701 through 2703 plus 2798) (Line 27 above)	X X X	X X X		

STATEMENT OF REVENUE AND EXPENSES

		Current Year		Prior Year
		1 Uncovered	2 Total	3 Total
1.	Member Months	X X X		260,890
2.	Net premium income (including \$..... non-health premium income)	X X X	163,090	38,264,598
3.	Change in unearned premium reserves and reserve for rate credits	X X X		
4.	Fee-for-service (net of \$..... medical expenses)	X X X		
5.	Risk revenue	X X X		
6.	Aggregate write-ins for other health care related revenues	X X X		
7.	Aggregate write-ins for other non-health revenues	X X X		
8.	TOTAL revenues (Lines 2 to 7)	X X X	163,090	38,264,598
Hospital and Medical:				
9.	Hospital/medical benefits		75,308	21,065,827
10.	Other professional services		13,647	4,176,205
11.	Outside referrals			
12.	Emergency room and out-of-area		5,788	1,088,998
13.	Prescription drugs		43,881	6,325,052
14.	Aggregate write-ins for other hospital and medical			
15.	Incentive pool, withhold adjustments and bonus amounts			
16.	Subtotal (Lines 9 to 15)		138,624	32,656,082
Less:				
17.	Net reinsurance recoveries			260,719
18.	TOTAL hospital and medical (Lines 16 minus 17)		138,624	32,395,363
19.	Non-health claims			
20.	Claims adjustment expenses		(270,953)	922,463
21.	General administrative expenses		3,787	4,363,782
22.	Increase in reserves for life and accident and health contracts (including \$..... increase in reserves for life only)			
23.	TOTAL underwriting deductions (Lines 18 through 22)		(128,542)	37,681,608
24.	Net underwriting gain or (loss) (Lines 8 minus 23)	X X X	291,632	582,990
25.	Net investment income earned		114,077	310,445
26.	Net realized capital gains or (losses)			
27.	Net investment gains or (losses) (Lines 25 plus 26)		114,077	310,445
28.	Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....) (amount charged off \$.....)]			
29.	Aggregate write-ins for other income or expenses		4,300	
30.	Net income or (loss) before federal income taxes (Lines 24 plus 27 plus 28 plus 29)	X X X	410,009	893,435
31.	Federal and foreign income taxes incurred	X X X	139,403	303,767
32.	Net income (loss) (Lines 30 minus 31)	X X X	270,606	589,668
DETAILS OF WRITE-INS				
0601	.....	X X X		
0602	.....	X X X		
0603	.....	X X X		
0698.	Summary of remaining write-ins for Line 6 from overflow page	X X X		
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)	X X X		
0701	.....	X X X		
0702	.....	X X X		
0703	.....	X X X		
0798.	Summary of remaining write-ins for Line 7 from overflow page	X X X		
0799.	TOTALS (Line 0701 through 0703 plus 0798) (Line 7 above)	X X X		
1401.	Miscellaneous Medical Expense			
1402	.....		
1403	.....		
1498.	Summary of remaining write-ins for Line 14 from overflow page			
1499.	TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above)			
2901.	Penalty Refund (Assessment) by TennCare		4,300	
2902	.....		
2903	.....		
2998.	Summary of remaining write-ins for Line 29 from overflow page			
2999.	TOTALS (Line 2901 through 2903 plus 2998) (Line 29 above)		4,300	

STATEMENT OF REVENUE AND EXPENSES (Continued)

		1	2
		Current Year	Prior Year
CAPITAL & SURPLUS ACCOUNT			
33.	Capital and surplus prior reporting year	3,521,561	3,143,203
GAINS AND LOSSES TO CAPITAL & SURPLUS			
34.	Net income or (loss) from Line 32	270,606	589,668
35.	Change in valuation basis of aggregate policy and claim reserves		
36.	Net unrealized capital gains and losses		
37.	Change in net unrealized foreign exchange capital gain or (loss)		
38.	Change in net deferred income tax		
39.	Change in nonadmitted assets	212,541	(211,310)
40.	Change in unauthorized reinsurance		
41.	Change in treasury stock		
42.	Change in surplus notes		
43.	Cumulative effect of changes in accounting principles		
44.	Capital Changes:		
44.1	Paid in		
44.2	Transferred from surplus (Stock Dividend)		
44.3	Transferred to surplus		
45.	Surplus adjustments:		
45.1	Paid in		
45.2	Transferred to capital (Stock Dividend)		
45.3	Transferred from capital		
46.	Dividends to stockholders		
47.	Aggregate write-ins for gains or (losses) in surplus		
48.	Net change in capital and surplus (Lines 34 to 47)	483,147	378,358
49.	Capital and surplus end of reporting year (Line 33 plus 48)	4,004,708	3,521,561
DETAILS OF WRITE-INS			
4701	.....	
4702	.....	
4703	.....	
4798.	Summary of remaining write-ins for Line 47 from overflow page		
4799.	TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above)		

Report #2A: TENNCARE OPERATIONS STATEMENT OF REVENUES AND EXPENSES
December 31, 2003

Prepared in accordance with instructions from TDCI

	Current Quarter	Current Year	Previous Year
	Total	Total	Total
MEMBER MONTHS	137,244	536,603	533,362
REVENUES:			
1. TennCare Capitation	14,933,601	65,943,723	73,466,900
Capitation	84,055	163,090	
ASO Administrative fee:	1,763,037	6,141,665	
ASO Medical expense	13,086,509	59,638,968	
2. Adverse Selection	-	-	-
3. Total (Lines 1 and 2)	14,933,601	65,943,723	73,466,900
4. Investment	24,844	114,076	310,445
5. Other Revenue (Provide detail)	-	-	-
6. TOTAL (Lines 3 to 5)	14,958,445	66,057,799	73,777,345
EXPENSES:			
Medical and Hospital Services			
7. Capitated Physician Services	49,142	180,667	134,680
8. Fee for Service Physician Services	5,725,001	22,468,972	20,792,556
9. Inpatient Hospital Services	3,572,711	15,322,917	15,601,746
10. Outpatient Services	1,367,445	5,297,693	4,609,530
11. Emergency Room Services	698,022	2,641,170	2,223,064
12. Mental Health Services	-	-	-
13. Dental Services	-	-	1,880,694
14. Vision Services	65,307	274,638	287,273
15. Pharmacy Services	(75,014)	7,398,511	13,445,079
16. Home Health Services	76	145	2,931
17. Chiropractic Services	1,197	3,342	4,606
18. Radiology Services	507,657	1,880,709	2,014,685
19. Laboratory Services	190,647	716,962	666,272
20. Durable Medical Equipment Services	429,826	1,516,726	1,413,903
21. Transportation Services	481,761	1,568,151	1,387,483
22. Outside Referrals	-	-	-
23. Medical Incentive Pool and Withhold Adjustments	-	-	-
24. Occupancy, Depreciation and Amortization	-	-	-
25. Other Medical and Hospital Services (Provide Detail)	40,327	163,476	85,447
27. Subtotal (Lines 7 to 26)	13,054,105	59,434,079	64,549,949
LESS:			
28. Net Reinsurance Recoveries	(103,844)	(343,513)	(155,485)
29. Copayments	-	-	-
30. Subrogation and Coordination of Benefits	-	-	-
Subtotal (Lines 27 to 29)	(103,844)	(343,513)	(155,485)
31. TOTAL MEDICAL AND HOSPITAL (Line 26 less 30)	13,157,949	59,777,592	64,705,434
Administration:			
32. Compensation	-	-	-
33. Marketing	-	-	-
34. Interest Expense	-	-	-
35. Premium Tax Expense	1,670	3,251	768,650
36. Occupancy, Depreciation and Amortization	-	-	-
37. Other Administration (Provide detail) **	1,615,303	5,866,947	7,409,826
38. TOTAL ADMINISTRATION (Lines 32 to 37)	1,616,973	5,870,198	8,178,476
39. TOTAL EXPENSES (Lines 31 and 38)	14,774,922	65,647,790	72,883,910
40. Extraordinary Item	-	-	-
41. Provision for Income Tax	139,403	139,403	303,767
42. NET INCOME/(LOSS) (Line 6 less Lines 39, 40 and 41)	44,120	270,606	589,668

-- Other Administration Detail			
Administration Fees *	1,630,512	5,653,893	7,095,508
Unpaid Claims Adjustment Expense - Change in Reserve	(62,950)	(24,192)	75,435
ASO Admin Fees	-	-	-
Payroll Taxes	-	-	56
Pharmacy Admin Fees	13	54,186	107,962
Legal Fees	8,647	42,073	30,080
Accounting Fees	14,000	40,875	34,625
Consulting	-	763	
Liability Insurance	19,975	81,207	46,632
Dues, Fees & Subscriptions	-	20	-
Bank Fees	4,906	22,422	19,528
State Tax	-	-	-
Penalty assessed by TennCare	200	(4,300)	-
Case Mgmt Fees	-		
Total Other Administration	1,615,303	5,866,947	7,409,826

* Includes Administrative Fees paid to Affiliates

Other Medical and Hospital			
Misc Medical Expense	-	-	-
Case Management fees	40327	163,476	85,447

CASH FLOW

		1	2
		Current Year	Prior Year
Cash from Operations			
1.	Premiums collected net of reinsurance	178,042	39,101,547
2.	Net investment income	152,368	329,550
3.	Miscellaneous income		
4.	Total (Lines 1 through 3)	330,410	39,431,097
5.	Benefit and loss related payments	2,352,699	38,214,178
6.	Net transfers to Separate, Segregated and Protected Cell Accounts		
7.	Commissions, expenses paid and aggregate write-ins for deductions	(799,273)	7,630,373
8.	Dividends paid to policyholders		
9.	Federal and foreign income taxes paid (recovered) \$...... net tax on capital gains (losses)		
10.	Total (Lines 5 through 9)	1,553,426	45,844,551
11.	Net cash from operations (Lines 4 minus 10)	(1,223,016)	(6,413,454)
Cash from Investments			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds		900,000
12.2	Stocks		
12.3	Mortgage loans		
12.4	Real estate		
12.5	Other invested assets		
12.6	Net gains or (losses) on cash and short-term investments		
12.7	Miscellaneous proceeds		
12.8	Total investment proceeds (Lines 12.1 to 12.7)		900,000
13.	Cost of investments acquired (long-term only):		
13.1	Bonds		1,169,125
13.2	Stocks		
13.3	Mortgage loans		
13.4	Real estate		
13.5	Other invested assets		
13.6	Miscellaneous applications		
13.7	Total investments acquired (Lines 13.1 to 13.6)		1,169,125
14.	Net increase (or decrease) in policy loans and premium notes		
15.	Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)		(269,125)
Cash from Financing and Miscellaneous Sources			
16.	Cash provided (applied):		
16.1	Surplus notes, capital notes		
16.2	Capital and paid in surplus, less treasury stock		
16.3	Borrowed funds received		
16.4	Net deposits on deposit-type contracts and other insurance liabilities		
16.5	Dividends to stockholders		
16.6	Other cash provided (applied)	(61,981)	(324,457)
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(61,981)	(324,457)
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS			
18.	Net change in cash and short-term investments (Line 11, plus Line 15, plus Line 17)	(1,284,997)	(7,007,036)
19.	Cash and short-term investments:		
19.1	Beginning of year	9,746,397	16,753,433
19.2	End of year (Line 18 plus Line 19.1)	8,461,400	9,746,397

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

(Gain and Loss Exhibit)

		1	2	3	4	5	6	7	8	9	10	11	12	13
		Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employee Health Benefit Plan	Title XVIII- Medicare	Title XIX- Medicaid	Stop Loss	Disability Income	Long- term Care	Other Health	Other Non-Health
1.	Net premium income	163,090							163,090					
2.	Change in unearned premium reserves and reserve for rate credit													
3.	Fee-for-service (net of \$..... medical expenses)													X X X
4.	Risk revenue													X X X
5.	Aggregate write-ins for other health care related revenues													X X X
6.	Aggregate write-ins for other non-health care related revenues		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
7.	TOTAL revenues (Lines 1 to 6)	163,090							163,090					
8.	Hospital/medical benefits	75,308							75,308					X X X
9.	Other professional services	13,647							13,647					X X X
10.	Outside referrals													X X X
11.	Emergency room and out-of-area	5,788							5,788					X X X
12.	Prescription drugs	43,881							43,881					X X X
13.	Aggregate write-ins for other hospital and medical													X X X
14.	Incentive pool, withhold adjustments and bonus amounts													X X X
15.	Subtotal (Lines 8 to 14)	138,624							138,624					X X X
16.	Net reinsurance recoveries													X X X
17.	TOTAL hospital and medical (Lines 15 minus 16)	138,624							138,624					X X X
18.	Non-health claims (net)		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
19.	Claims adjustment expenses	(270,953)											(270,953)	
20.	General administrative expenses	3,787											3,787	
21.	Increase in reserves for accident and health contracts													X X X
22.	Increase in reserves for life contracts		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
23.	TOTAL underwriting deductions (Lines 17 to 22)	(128,542)							138,624				(267,166)	
24.	Net underwriting gain or (loss) (Line 7 minus Line 23)	291,632							24,466				267,166	
DETAILS OF WRITE-INS														
0501	.....													X X X
0502	.....													X X X
0503	.....													X X X
0598.	Summary of remaining write-ins for Line 5 from overflow page													X X X
0599.	TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)													X X X
0601	.....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0602	.....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0603	.....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0698.	Summary of remaining write-ins for Line 6 from overflow page		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
1301.	Miscellaneous Medical Expense													X X X
1302	.....													X X X
1303	.....													X X X
1398.	Summary of remaining write-ins for Line 13 from overflow page													X X X
1399.	TOTALS (Lines 1301 through 1303 plus 1398) (Line 13 above)													X X X

UNDERWRITING AND INVESTMENT EXHIBIT
PART 1 - PREMIUMS

		1	2	3	4
Line of Business		Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Columns 1 + 2 - 3)
1.	Comprehensive (hospital and medical) .....	.....	.....	.....	.....
2.	Medicare Supplement .....	.....	.....	.....	.....
3.	Dental only .....	.....	.....	.....	.....
4.	Vision only .....	.....	.....	.....	.....
5.	Federal Employee Health Benefits Plan .....	.....	.....	.....	.....
6.	Title XVIII - Medicare .....	.....	.....	.....	.....
7.	Title XIX - Medicaid	163,090	.....	.....	163,090
8.	Stop loss .....	.....	.....	.....	.....
9.	Disability income .....	.....	.....	.....	.....
10.	Long-term care .....	.....	.....	.....	.....
11.	Other health .....	.....	.....	.....	.....
12.	Health subtotal (Lines 1 through 11)	163,090	.....	.....	163,090
13.	Life .....	.....	.....	.....	.....
14.	Property/casualty .....	.....	.....	.....	.....
15.	TOTALS (Lines 12 to 14)	163,090	.....	.....	163,090

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - Claims Incurred During the Year

		1	2	3	4	5	6	7	8	9	10	11	12	13
		Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other Health	Other Non-Health
1.	Payments during the year:													
	1.1 Direct	2,464,738							2,464,738					
	1.2 Reinsurance assumed													
	1.3 Reinsurance ceded	11,607							11,607					
	1.4 Net	2,453,131							2,453,131					
2.	Paid medical incentive pools and bonuses													
3.	Claim liability December 31, current year from Part 2A:													
	3.1 Direct	4,898,815							4,898,815					
	3.2 Reinsurance assumed													
	3.3 Reinsurance ceded													
	3.4 Net	4,898,815							4,898,815					
4.	Claim reserve December 31, current year from Part 2D:													
	4.1 Direct													
	4.2 Reinsurance assumed													
	4.3 Reinsurance ceded													
	4.4 Net													
5.	Accrued medical incentive pools and bonuses, current year													
6.	Amounts recoverable from reinsurers December 31, current year													
7.	Claim liability December 31, prior year from Part 2A:													
	7.1 Direct	7,224,929							7,224,929					
	7.2 Reinsurance assumed													
	7.3 Reinsurance ceded													
	7.4 Net	7,224,929							7,224,929					
8.	Claim reserve December 31, prior year from Part 2D:													
	8.1 Direct													
	8.2 Reinsurance assumed													
	8.3 Reinsurance ceded													
	8.4 Net													
9.	Accrued medical incentive pools and bonuses, prior year													
10.	Amounts recoverable from reinsurers December 31, prior year	11,607							11,607					
11.	Incurred benefits:													
	11.1 Direct	138,624							138,624					
	11.2 Reinsurance assumed													
	11.3 Reinsurance ceded													
	11.4 Net	138,624							138,624					
12.	Incurred medical incentive pools and bonuses													

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2A - Claims Liability End of Current Year

		1	2	3	4	5	6	7	8	9	10	11	12	13
		Total	Compre- hensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other Health	Other Non-Health
1.	Reported in Process of Adjustment:													
	1.1 Direct	12,496							12,496					
	1.2 Reinsurance assumed													
	1.3 Reinsurance ceded													
	1.4 Net	12,496							12,496					
2.	Incurred but Unreported:													
	2.1 Direct	4,886,319							4,886,319					
	2.2 Reinsurance assumed													
	2.3 Reinsurance ceded													
	2.4 Net	4,886,319							4,886,319					
3.	Amounts Withheld from Paid Claims and Capitations:													
	3.1 Direct													
	3.2 Reinsurance assumed													
	3.3 Reinsurance ceded													
	3.4 Net													
4.	TOTALS													
	4.1 Direct	4,898,815							4,898,815					
	4.2 Reinsurance assumed													
	4.3 Reinsurance ceded													
	4.4 Net	4,898,815							4,898,815					

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2B - ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE

		Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability December 31 of Prior Year
		1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year		
Line of Business							
1.	Comprehensive (hospital and medical) .....	.....	.....	.....	.....	.....	.....
2.	Medicare Supplement .....	.....	.....	.....	.....	.....	.....
3.	Dental only .....	.....	.....	.....	.....	.....	.....
4.	Vision only .....	.....	.....	.....	.....	.....	.....
5.	Federal Employees Health Benefits Plan .....	.....	.....	.....	.....	.....	.....
6.	Title XVIII - Medicare .....	.....	.....	.....	.....	.....	.....
7.	Title XIX - Medicaid	2,464,738	.....	4,898,815	.....	7,363,553	7,224,929
8.	Other health .....	.....	.....	.....	.....	.....	.....
9.	Health subtotal (Lines 1 to 8)	2,464,738	.....	4,898,815	.....	7,363,553	7,224,929
10.	Other non-health .....	.....	.....	.....	.....	.....	.....
11.	Medical incentive pool and bonus amounts .....	.....	.....	.....	.....	.....	.....
12.	TOTALS (Lines 9 to 11)	2,464,738	.....	4,898,815	.....	7,363,553	7,224,929

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Grand Total
Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 1999	2 2000	3 2001	4 2002	5 2003
1.	Prior					
2.	1999					
3.	2000	X X X				
4.	2001	X X X	X X X	16,392	22,879	23,818
5.	2002	X X X	X X X	X X X	31,525	33,138
6.	2003	X X X	X X X	X X X	X X X	

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
		1 1999	2 2000	3 2001	4 2002	5 2003
1.	Prior					
2.	1999					
3.	2000	X X X				
4.	2001	X X X	X X X	29,581	29,636	28,701
5.	2002	X X X	X X X	X X X	32,395	33,438
6.	2003	X X X	X X X	X X X	X X X	

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1.	Prior to 1999	X X X			X X X		X X X				X X X
2.	1999										
3.	2000										
4.	2001	34,895	23,818	1,210	5.080	25,028	71.724	4,882	1	29,911	85.717
5.	2002	38,265	33,138	742	2.239	33,880	88.540	300		34,180	89.324
6.	2003	163									
7.	TOTAL (Lines 1 through 6)	X X X	56,956	1,952	X X X	58,908	X X X	5,182	1	64,091	X X X
8.	TOTAL (Lines 2 through 6)	73,323	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X

12 Total

12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Hospital and Medical. . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Hospital and Medical. . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Hospital and Medical. . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Medicare Supplement	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Medicare Supplement . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Medicare Supplement . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Dental Only.	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Dental Only.	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Dental Only.	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Vision Only.	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Vision Only.	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Vision Only.	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Fed Emp HBPP.	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Fed Emp HBPP.	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Fed Emp HBPP.	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Title XVIII-Medicare	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Title XVIII-Medicare	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Title XVIII-Medicare	NONE

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Title XIX - Medicaid

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 1999	2 2000	3 2001	4 2002	5 2003
1.	Prior					
2.	1999					
3.	2000	X X X				
4.	2001	X X X	X X X	16,392	22,879	23,818
5.	2002	X X X	X X X	X X X	31,525	33,138
6.	2003	X X X	X X X	X X X	X X X	

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
		1 1999	2 2000	3 2001	4 2002	5 2003
1.	Prior					
2.	1999					
3.	2000	X X X				
4.	2001	X X X	X X X	29,581	29,636	28,701
5.	2002	X X X	X X X	X X X	32,395	33,438
6.	2003	X X X	X X X	X X X	X X X	

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1.	Prior to 1999	X X X			X X X		X X X				X X X
2.	1999										
3.	2000										
4.	2001	34,895	23,818	1,210	5.080	25,028	71.724	4,882	1	29,911	85.717
5.	2002	38,265	33,138	742	2.239	33,880	88.540	300		34,180	89.324
6.	2003	163									
7.	TOTAL (Lines 1 through 6)	X X X	56,956	1,952	X X X	58,908	X X X	5,182	1	64,091	X X X
8.	TOTAL (Lines 2 through 6)	73,323	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Other NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur Claims - Other. NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Other. NONE

13 Underwriting Invest Exh Pt 2D - A & H Reserve - NONE

UNDERWRITING AND INVESTMENT EXHIBIT
PART 3 - ANALYSIS OF EXPENSES

	1	2	3	4
	Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
1. Rent (\$..... for occupancy of own building)	57,123	198,184		255,307
2. Salaries, wages and other benefits	1,123,547	2,722,823		3,846,370
3. Commissions (less \$..... ceded plus \$..... assumed)				
4. Legal fees and expenses		74,659		74,659
5. Certifications and accreditation fees				
6. Auditing, actuarial and other consulting services		110,595		110,595
7. Traveling expenses		103,737		103,737
8. Marketing and advertising		10,703		10,703
9. Postage, express and telephone	30,943	295,532		326,475
10. Printing and office supplies		194,991		194,991
11. Occupancy, depreciation and amortization		75,047		75,047
12. Equipment		777		777
13. Cost or depreciation of EDP equipment and software	56,955	377,809		434,764
14. Outsourced services including EDP, claims, and other services	110,620			110,620
15. Boards, bureaus and association fees		13,159		13,159
16. Insurance, except on real estate		101,551		101,551
17. Collection and bank service charges		23,621		23,621
18. Group service and administration fees				
19. Reimbursements by uninsured accident and health plans	(1,756,661)	(4,548,480)		(6,305,141)
20. Reimbursements from fiscal intermediaries				
21. Real estate expenses				
22. Real estate taxes				
23. Taxes, licenses and fees:				
23.1 State and local insurance taxes				
23.2 State premium taxes		3,251		3,251
23.3 Regulator authority licenses and fees		2,684		2,684
23.4 Payroll taxes	114,390	143,013		257,403
23.5 Other (excluding federal income and real estate taxes)		8,648		8,648
24. Investment expenses not included elsewhere				
25. Aggregate write-ins for expenses	(7,870)	91,483		83,613
26. Total expenses incurred (Lines 1 to 25)	(270,953)	3,787		(a)..... (267,166)
27. Less expenses unpaid December 31, current year	275,743	23,853		299,596
28. Add expenses unpaid December 31, prior year	299,935	57,984		357,919
29. Amounts receivable relating to uninsured accident and health plans, prior year		80,017		80,017
30. Amounts receivable relating to uninsured accident and health plans, current year		62,753		62,753
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30) .	(246,761)	20,654		(226,107)
DETAILS OF WRITE-INS				
2501. Claims Adjustment Expense	(24,192)			(24,192)
2502. Recruiting		12,339		12,339
2503. Temporary Help	16,322	17,665		33,987
2598. Summary of remaining write-ins for Line 25 from overflow page		61,479		61,479
2599. Totals (Lines 2501 through 2503 + 2598)(Line 25 above)	(7,870)	91,483		83,613

(a) Includes management fees of \$.....5,817,369 to affiliates and \$..... to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. Government bonds	(a)..... 31,219	31,219
1.1	Bonds exempt from U.S. tax	(a).....	
1.2	Other bonds (unaffiliated)	(a).....	
1.3	Bonds of affiliates	(a).....	
2.1	Preferred stocks (unaffiliated)	(b).....	
2.11	Preferred stocks of affiliates	(b).....	
2.2	Common stocks (unaffiliated)		
2.21	Common stocks of affiliates		
3.	Mortgage loans	(c).....	
4.	Real estate	(d).....	
5.	Contract loans		
6.	Cash/short-term investments	(e)..... 96,392	91,382
7.	Derivative instruments	(f).....	
8.	Other invested assets		
9.	Aggregate write-ins for investment income		
10.	Total gross investment income	127,611	122,601
11.	Investment expenses		(g).....
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g).....
13.	Interest expense		(h).....
14.	Depreciation on real estate and other invested assets		(i).....
15.	Aggregate write-ins for deductions from investment income		8,525
16.	Total deductions (Lines 11 through 15)		8,525
17.	Net Investment income (Line 10 minus Line 16)		114,076
DETAILS OF WRITE-INS			
0901	.....	
0902	.....	
0903	.....	
0998.	Summary of remaining write-ins for Line 9 from overflow page		
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above)		
1501.	Interest earned on ASO reimbursements forwarded to TennCare		8,525
1502	.....	
1503	.....	
1598.	Summary of remaining write-ins for Line 15 from overflow page		
1599.	TOTALS (Lines 1501 through 1503 plus 1598) (Line 15, above)		8,525
(a) Includes \$..... accrual of discount less \$.....33,281 amortization of premium and less \$..... paid for accrued interest on purchases.			
(b) Includes \$..... accrual of discount less \$..... amortization of premium and less \$..... paid for accrued dividends on purchases.			
(c) Includes \$..... accrual of discount less \$..... amortization of premium and less \$..... paid for accrued interest on purchases.			
(d) Includes \$..... for company's occupancy of its own buildings; and excluding \$..... interest on encumbrances.			
(e) Includes \$..... accrual of discount less \$..... amortization of premium and less \$..... paid for accrued interest on purchases.			
(f) Includes \$..... accrual of discount less \$..... amortization of premium.			
(g) Includes \$..... investment expenses and \$..... investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.			
(h) Includes \$..... interest on surplus notes and \$..... interest on capital notes.			
(i) Includes \$..... depreciation on real estate and \$..... depreciation on other invested assets.			

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4	5
		Realized Gain (Loss) on Sales or Maturity	Other Realized Adjustments	Increases (Decreases) by Adjustment	Net Gain (Loss) from Change in Difference Between Basis Book/Adjusted Carrying and Admitted Values	Total
1.	U.S. Government bonds					
1.1	Bonds exempt from U.S. tax					
1.2	Other bonds (unaffiliated)					
1.3	Bonds of affiliates					
2.1	Preferred stocks (unaffiliated)					
2.11	Preferred stocks of affiliates					
2.2	Common stocks (unaffiliated)					
2.21	Common stocks of affiliates					
3.	Mortgage loans					
4.	Real estate					
5.	Contract loans					
6.	Cash/short-term investments					
7.	Derivative instruments					
8.	Other invested assets					
9.	Aggregate write-ins for capital gains (losses)					
10.	Total capital gains (losses)					
DETAILS OF WRITE-INS						
0901	.....				
0902	.....				
0903	.....				
0998.	Summary of remaining write-ins for Line 9 from overflow page					
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above)					

NONE

EXHIBIT 1 - ANALYSIS OF NONADMITTED ASSETS AND RELATED ITEMS

		1	2	3
		End of Current Year	End of Prior Year	Changes for Year (Increase) or Decrease
1.	Summary of items Page 2, Lines 12 to 20, Column 2 .....	.....	..... 197,920	..... 197,920
2.	Other Nonadmitted Assets:			
2.1	Bills receivable .....	.....	.....	.....
2.2	Leasehold improvements .....	.....	.....	.....
2.3	Cash advanced to or in the hands of officers and agents .....	.....	.....	.....
2.4	Loans on personal security, endorsed or not .....	.....	.....	.....
2.5	Commuted commissions .....	.....	.....	.....
3.	Total (Lines 2.1 to 2.5) .....	.....	.....	.....
4.	Aggregate write-ins for other assets .....	..... 15,390	..... 30,011	..... 14,621
5.	TOTAL (Line 1 plus Line 3 and Line 4) .....	..... 15,390	..... 227,931	..... 212,541
DETAILS OF WRITE-INS				
0401.	Prepaid Expenses .....	..... 15,390	..... 30,011	..... 14,621
0402	.....	.....	.....	.....
0403	.....	.....	.....	.....
0498.	Summary of remaining write-ins for Line 4 from overflow page .....	.....	.....	.....
0499.	TOTALS (Lines 0401 through 0403 plus 0498) (Line 4 above) .....	..... 15,390	..... 30,011	..... 14,621

17 Exhibit 2 - Enrollment By Product Type -..... NONE

18 Exhibit 3 - Accident and Health Premiums - NONE

19 Exhibit 4 - Health Care Receivables - NONE

EXHIBIT 5 - CLAIMS UNPAID AND INCENTIVE POOL, WITHHOLD AND BONUS (Reported and Unreported)

Aging Analysis of Unpaid Claims

1 Account	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 91 - 120 Days	6 Over 120 Days	7 Total
0299999 Aggregate Accounts Not Individually Listed - Uncovered						
0399999 Aggregate Accounts Not Individually Listed - Covered	12,496					12,496
0499999 Subtotals	12,496					12,496
0599999 Unreported claims and other claim reserves						4,886,319
0699999 Total Amounts Withheld						
0799999 Total Claims Unpaid						4,898,815
0899999 Accrued Medical Incentive Pool and Bonus Amounts						

EXHIBIT 6 - AMOUNTS DUE FROM PARENT, SUBSIDIARIES AND AFFILIATES

1 Name of Affiliate	2	3	4	5	6	Admitted	
	1 - 30 Days	31 - 60 Days	61 - 90 Days	Over 90 Days	Nonadmitted	7 Current	8 Non-Current
	<div>NONE</div>						
0399999 Total gross amounts receivable .....	.....	.....	.....	.....	.....	.....	.....

EXHIBIT 7 - AMOUNTS DUE TO PARENT, SUBSIDIARIES AND AFFILIATES

1	2	3	4	5
Affiliate	Description	Amount	Current	Non-Current
Individually listed payables				
Three Rivers Holdings, Inc.	Tax allocation accrual	139,402	139,402	
0199999 Total - Individually listed payables	X X X	139,402	139,402	
0299999 Payables not individually listed	X X X			
0399999 Total gross payables	X X X	139,402	139,402	

EXHIBIT 8 - PART 1 - SUMMARY OF TRANSACTIONS WITH PROVIDERS

	1	2	3	4	5	6
Payment Method	Direct Medical Expense Payment	Column 1 as a % of Total	Total Members Covered	Column 3 as a % of Total	Column 1 Expenses Paid to Affiliated Providers	Column 1 Expenses Paid to Non-Affiliated Providers
Capitation Payments:						
1. Medical groups						
2. Intermediaries						
3. All other providers						
4. Total capitation payments						
Other Payments:						
5. Fee-for-service			X X X	X X X		
6. Contractual fee payments	2,464,738	100.000	X X X	X X X		2,464,738
7. Bonus/withhold arrangements - fee-for-service			X X X	X X X		
8. Bonus/withhold arrangements - contractual fee payments			X X X	X X X		
9. Non-contingent salaries			X X X	X X X		
10. Aggregate cost arrangements			X X X	X X X		
11. All other payments			X X X	X X X		
12. Total other payments	2,464,738	100.000	X X X	X X X		2,464,738
13. Total (Line 4 plus Line 12)	2,464,738	100.000	X X X	X X X		2,464,738

EXHIBIT 8 - PART 2 - SUMMARY OF TRANSACTIONS WITH INTERMEDIARIES

1	2	3	4	5	6
NAIC Code	Name of Intermediary	Capitation Paid	Average Monthly Capitation	Intermediary's Total Adjusted Capital	Intermediary's Authorized Control Level RBC
		N O N E			
9999999			X X X	X X X	X X X

EXHIBIT 9 - FURNITURE, EQUIPMENT AND SUPPLIES OWNED

		1	2	3	4	5	6
Description		Cost	Improvements	Accumulated Depreciation	Book Value Less Encumbrances	Assets Not Admitted	Net Admitted Assets
1.	Administrative furniture and equipment						
2.	Medical furniture, equipment and fixtures	N O N E					
3.	Pharmaceuticals and surgical supplies						
4.	Durable medical equipment						
5.	Other property and equipment						
6.	Total						

Notes to Financial Statement

1. Summary of Significant Accounting Policies:

A. The accompanying statement has been prepared in conformity with the NAIC *Accounting Practices and Procedures manual* as required by the State of Tennessee, except where NAIC statutory accounting practices and procedures do not address the accounting for the transaction.

(1) Better Health Plans, Inc.'s (the Company's) sole shareholder, Three Rivers Holdings, Inc. (Holdings), has made an election to be treated as an S corporation for federal and state income tax purposes and it has made an election to treat the Company as a qualified subchapter S subsidiary for federal income tax purposes. As a result of the QSST election, the Company is treated as a division of Holdings for income tax purposes and the results of its operations are included in the Holdings' income tax returns. Pursuant to a Tax Allocation Agreement with Holdings, the Company is required to reimburse Holdings for income tax liability Holdings' shareholders incur with respect to the Company's operations. The amount reimbursed is calculated to equal the federal income tax that the Company would have paid if it were a C corporation filing separate income tax returns. NAIC statutory accounting practices and procedures do not address the accounting for this type of transaction. Pursuant to correspondence received from the State of Tennessee, Department of Commerce and Insurance, TennCare Division dated February 22, 2002 and April 17, 2003, the Company has been granted permission to report shareholder reimbursement of taxes as Provision for Federal Income Taxes on the Statement of Revenue and Expenses (page 4), line 31 of the accompanying financial statements. All such reimbursements made or accrued have been reported in accordance with this ruling. The amount reported on line 31 is \$139,403. There is no monetary effect on statutory surplus resulting from this transaction, as these amounts would otherwise be a write-in reduction to surplus.

(2) Supplemental Report #2A, TennCare Operations Statement of Revenue and Expenses, which is filed separately from the bound annual statement, has been prepared in accordance with instructions from TennCare. These instructions differ from statutory accounting practices in that income and expenses related to claims, losses, premiums, and other amounts received or paid on behalf of the ASO operations are treated as expenses and revenues of the company. There is no monetary effect on statutory surplus resulting from this departure from statutory accounting practices. The Statement of Revenue and Expenses included in this statement was prepared according to the Statement of Statutory Accounting Principles (SSAP) No. 47. which excludes all income and expenses related to claims, losses, premiums, and other amounts received or paid on behalf of ASO plans. Amounts received from TennCare to administer the ASO plan are reported as a reduction to administrative expenses.

B. The preparation of financial statements in conformity with the Annual Statement Instructions and *Accounting Practices and Procedures manual* requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

C. The State of Tennessee TennCare Bureau has paid additional premiums to the Company for members effective through June 30, 2002 due to retroactive changes in classification of those members. These amounts were recognized as revenue during the time that the Company was notified or became aware of those changes. In addition, the Company has received amounts from the State of Tennessee to be used to cover the cost of claims incurred for enrollees for dates of service prior to its contract effective date of July 1, 2001. The Company also receives a six (6) per cent administrative fee for processing these claims and is reimbursed for the amount of premium tax incurred. The total of the claims paid and the administrative fee are recognized as revenue in the month the claims are processed; the premium tax reimbursement is recorded as a credit against our premium tax expense.

Effective July 1, 2002, the Company entered into an Administrative Services agreement with the State of Tennessee TennCare Bureau. Under this agreement, the Company processes and pays claims and performs other managed care services and is reimbursed by TennCare. The Company receives an administrative fee for this service.

The Company contracts with various health care providers for the provision of certain medical care services to its members. The Company compensates those providers on a capitation or unit of service basis. These contracts have been maintained under the ASO agreement with TennCare; however, the Company is no longer at risk for medical expenses incurred on or after July 1, 2002.

Administrative fees paid to Three Rivers Administrative Services, LLC (TRAS) are allocated to each expense line pro rata based on the expenses incurred by TRAS. Expenses incurred by TRAS, not directly attributable to a specific HMO, are allocated to its contracted HMOs based on the ratio of each HMO's member months to the total member months served by TRAS.

The following accounting policies materially affect the assets, liabilities, capital and surplus or results of operations:

- (1) The Company has no short term investments.
- (2) The Company reports bonds at amortized cost using the scientific (constant yield) method.
- (3) The Company has no investments in common stock.
- (4) The Company has no investments in preferred stock.

Notes to Financial Statement

- (5) The Company has no investments in mortgage loans.
 - (6) The Company has no investments in loan-backed securities.
 - (7) The Company has no investments in subsidiaries, controlled or affiliated companies.
 - (8) The Company has no investments in joint ventures, partnerships or limited liability companies.
 - (9) The Company has no investments in derivatives.
 - (10) The Company has no premium deficiency reserves.
 - (11) The Company has recorded a liability for claims and claims adjustment expenses, which are expected to be paid after the end of the reporting period for services provided to members through June 30, 2002. These liabilities are based on historical data, current membership and health service utilization statistics, and other related information. As estimates are used in establishing these liabilities, the ultimate amounts may be in excess or less than the amounts reported on this statement. These accruals are continually monitored and reviewed and, as settlements are made or accruals adjusted, differences are reflected in current operations. The liability recorded for claims adjustment expense includes an estimate for the administrative expense to process incurred but not reported claims under the ASO arrangement with TennCare.
 - (12) In accordance with SSAP 47, the Company's statement of operations excludes amounts received or paid on behalf of TennCare. No liability for claims has been established for periods after June 30, 2002.
2. Accounting Changes and Corrections of Errors:
 - A. The Company had no accounting changes or corrections of errors.
 3. Business Combinations and Goodwill:
 - A. The Company has no business combinations or goodwill to report.
 4. Discontinued Operations:
 - A. The Company has no discontinued operations to report.
 5. Investments:
 - A. The Company has no investments in Mortgage Loans.
 - B. The Company has no investments in Debt Restructuring.
 - C. The Company has no investments in Reverse Mortgages.
 - D. The Company has no investments in Loan-Backed Securities.
 - E. The Company has no investments in Repurchase Agreements
 - F. The Company has no investments in Real Estate.
 6. Joint Ventures, Partnerships and Limited Liability Companies:
 - A. The Company has no Investments in Joint Ventures, Partnerships or Limited Liability Companies
 7. Investment Income:
 - A. Investment income due and accrued with amounts over 90 days past due are non-admitted. At December 31, 2003, no investment income was non-admitted.
 8. Derivative Instruments:
 - A. The Company has no investments in Derivative Instruments.
 9. Income Taxes:
 - A. The Company has recorded no deferred income tax asset (DTA) or deferred tax liability (DTL). Holdings, the Company's sole shareholder, has made an election to be treated as an S corporation for federal and state income tax purposes and it has made an election to treat the Company as a qualified subchapter S subsidiary for federal income tax purposes. As a result of the QSST election, the Company is treated as a division of Holdings for income tax purposes and the results of its operations are included in the Holdings' income tax returns. SSAP 10 does not address QSST's. See note 1.A.(1) for the description of the tax allocation agreement and our treatment of such.
 10. Information Concerning Parent, Subsidiaries and Affiliates:
 - A. B. C. & D.:
 - (1) The Company has the following related party agreements:
 - (a) Effective August 1, 2000, the Company entered into an Administrative Services Agreement with TRAS, a limited liability company 100% owned by Holdings. Under the agreement, TRAS performs all administrative services necessary for the Company to carry on its HMO business in return for a pmpm fee. The agreement with TRAS ends June 30, 2002 with automatic renewals for successive one-year terms there after, unless either party to the agreement gives notice of termination. Effective July 1, 2002, the State of Tennessee modified the TennCare program to change it to an ASO program during the period July 1, 2002 to December 31, 2003 (Stabilization Period). This stabilization period has been extended until at least July 1, 2004. As a result of the modifications to the TennCare program, the Administrative Services Agreement with TRAS was modified so that the fee payable to TRAS is equal to 95 per cent of the ASO fees (fixed and contingent) earned by the Company under the TennCare program during the stabilization period. At the end of the stabilization period the original terms of the agreement will be reinstated.
 - (b) The Company has entered into a tax reimbursement agreement with its parent, Holdings. See note 1.A.(1) and note 9.A. for details regarding this agreement.

Notes to Financial Statement

- (2) At December 31, 2003, the Company reported the following amounts payable:
 - (a) \$139,402 due to the Parent Company, Holdings, for amounts due under the tax reimbursement agreement. Amounts under this agreement are payable quarterly. Total expense incurred under this agreement recorded in the current year is \$139,402.
 - (b) No amounts are due to TRAS under the Amended Administrative Services Agreement. Amounts under this agreement are payable monthly. Total expense incurred under this agreement recorded in the current year is \$5,817,369.
 - (3) The Company has no investments in parent, subsidiaries, or affiliates.
 - E. The Company has no guarantees or undertakings for the benefit of an affiliated or related party.
 - F. See item 10 A, B, C. & D for details regarding management and tax sharing agreements with related parties.
 - G. All outstanding shares of the company are owned by the parent company, Holdings, a Delaware Corporation. Holdings also owns all outstanding shares of Three Rivers Health Plans, Inc, a Pennsylvania domiciled HMO and Better Health Plans of South Carolina, Inc. (BHPSC), a South Carolina domiciled HMO. BHPSC was not operational during 2003.
 - H. The Company has no upstream intermediate entity or ultimate parent owned via a downstream subsidiary, controlled, or affiliated entity.
 - I. & J. The Company has no investments in an SCA.
11. Debt:
- A. The Company has issued no capital notes or other debt instruments.
12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans:
- A. The Company does not have any Defined Benefit Plans.
 - B. The Company does not have any Defined Contribution Plans.
 - C. The Company has no Multiemployer Plans
 - D. The Company has no employees and therefore has no retirement plans. All administrative services are performed by TRAS, which has a 401(k) Plan for its employees. Employees may contribute up to 15% of their gross pay. TRAS matches twenty five percent (25%) up to the first four percent (4%) of the employee's contributions. Vesting is immediate.
 - E. The Company has no Postemployment Benefits and Compensated Absences.
13. Capital and Surplus, Shareholder's Dividend Restrictions and Quasi-Reorganizations:
- (1) The Company has 2,000 common shares authorized, with 100 issued and outstanding
 - (2) The Company has no preferred stock authorized or issued.
 - (3) Under the laws of the State of Tennessee, all dividends and other distributions to shareholders must be reported to the Commissioner of Commerce and Insurance within five (5) days following the declaration thereof and at least ten (10) days prior to payment. An extraordinary dividend is one which exceeds the greater of ten (10) per cent of the Company's surplus as of December 31 next preceding or the net income for the twelve month period ending December 31 next preceding. Extraordinary dividends must be approved in advance by the commissioner.
 - (4) Within the limitations of (3) above, there are no restrictions on the portion of the Company's profits that may be paid as ordinary dividends to the shareholder.
 - (5) The Company has no restrictions on unassigned surplus.
 - (6) The Company has no advances to surplus.
 - (7) The Company has no stock held for special purposes.
 - (8) The Company has no special surplus funds.
 - (9) Unassigned surplus was reduced by the following amounts:

(a) unrealized gains and losses	none
(b) non admitted asset values	\$15,390
(c) provision for reinsurance	none
 - (10) The Company has no surplus debentures or similar obligations.
 - (11) & (12) The Company has had no quasi-reorganizations.
14. Contingencies:
- A. The Company has no Contingent Commitments
 - B. The Company has no reportable assessments.
 - C. The Company has no gain contingencies.
 - D. All Other Contingencies
 - (1) The Company is insured with respect to malpractice and other professional liabilities, as regards the individuals who conduct our managed care activities, i.e. utilization management, peer review, etc. The malpractice and professional liability insurance coverage is a claims-made managed care errors and omissions policy covering the Company for incidents as long as the Company maintains current coverage. To date, no malpractice or other professional liability claims have been asserted against the Company. Accordingly, no reserves have been recorded in the accompanying statements of admitted assets, liabilities and net worth.
 - (2) In the normal course of business, third parties assert claims against the Company pertaining to various aspects of its operations. As of December 31, 2003, the only such claims asserted arose from medical service providers seeking additional reimbursement for services

Notes to Financial Statement

rendered to the Company’s enrolled members. Management believes the amounts accrued for medical expenses are adequate to cover any such claims. These claims are not expected to have a material financial impact on the Company’s financial condition or the results of its operations.

15. Leases:

A. The Company has no lessee arrangements.

B. The Company has no lessor business activities.
16. Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk:

A. The Company has no financial instruments with off-balance-sheet risk and none with concentrations of credit risk.
17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities:

A. The Company has no transfers of receivables reported as sales.

B. The Company has no transfers and servicing of Financial Assets.

C. The Company has no wash sales.
18. Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans:

A. The gain from operations from the Company’s ASO uninsured plan is as follows:

	ASO Uninsured Plans
a. Net reimbursement for administrative expenses in excess (deficit) of actual expenses	\$ 202,959
b. Total net other income or expenses	\$ -
c. Net gain or loss from operations (net of tax)	\$ 133,953
d. Total claim payment volume	\$ 57,619,062

- B. The Company has no ASC plans.
- C. The Company has no Medicare or similarly cost based reimbursement contracts.

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators:

A. The Company does not use Managing General Agents or Third Party Administrators.
20. September 11 Events:

A. The Company has no losses or contingencies as a result of the September 11, 2001 events.

21. Other Items:

A. The Company has no Extraordinary Items to report.

B. The Company has no Debt Restructuring.

C. The Company has no unusual items to report.

D. The Company has no uncollectible assets to report.

E. The Company has no noncash transactions to report

F. The Company has no business interruption insurance recoveries to report.
22. Events Subsequent:

A. The Company has no subsequent events to report.

23. Reinsurance

A. Ceded Reinsurance Report:

Section 1 – General Interrogatories

(1) Are any of the reinsurers, listed in Schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or indirectly, by the company or by any representative, officer, trustee, or director of the company?

Yes () No (X)

If yes, give full details.

(2) Have any policies issued by the company been reinsured with a company chartered in a country other than the United States (excluding U.S. Branches of such companies) that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or an insured or any other person not primarily engaged in the insurance business?

Yes () No (X)

If yes, give full details.

Section 2 – Ceded Reinsurance Report – Part A

(1) Does the company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credit?

Yes (X) No ()

Notes to Financial Statement

a. If yes, what is the estimated amount of the aggregate reduction in surplus of a unilateral cancellation by the reinsurer as of the date of this statement, for those agreements in which cancellation results in a net obligation of the reporting entity to the reinsurer, and for which such obligation is not presently accrued? Where necessary, the reporting entity may consider the current or anticipated experience of the business reinsured in making this estimate \$ none.

b. What is the total amount of reinsurance credits taken, whether as an asset or as a reduction of liability for these agreements in this statement?
\$ none.

(2) Does the reporting entity have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies?

Yes () No (X)

If yes, give full details.

Section 3 – Ceded Reinsurance Report – Part B

(1) What in the estimated amount of the aggregate reduction in surplus, (for agreements other than those under which the reinsurer may unilaterally cancel for reasons other than for nonpayment of payment or other similar credits that are reflected in Section 2 above) of termination of ALL reinsurance agreements, by either party, as of the date of this statement? Where necessary, the company may consider the current or anticipated experience of the business reinsured in making this estimate.

\$ none

(2) Have any new agreements been executed or existing agreements amended, since January 1 of the year of this statement, to include policies or contracts that were in force or which had existing reserves established by the company as of the effective date of the agreement?

Yes () No (X)

If yes, what is the amount of reinsurance credits, whether an asset or a reduction of liability, taken for such new agreements or amendments?

\$ NA

- B. The Company has no uncollectible reinsurance that was written off.
- C. The Company has no commutation of reinsurance.
- D. The Company maintains a contract for reinsurance on behalf of TennCare. No amounts are listed on Schedule S as all amounts for 2003 were under the ASO agreement. Only the company information has been listed.

24. Retrospectively Rated Contracts:

- A. The Company has no retrospectively rated contracts.

25. Changes in Incurred Claims and Claims Adjustment Expense:

- A. The Company has increased the provision for incurred claim and claim adjustment expenses attributable to prior years by \$138,624. This amount approximates 85 per cent of the additional premium received for those years in 2003 and was reserved to meet our contractually required 85 per cent medical loss ratio.

26. Intercompany Pooling Arrangements:

- A. The company has no Intercompany Pooling Arrangements.

27. Structured Settlements (not applicable)

28. Health Care Receivables:

- A. Pharmaceutical Rebate Receivables:

(1) As the company is operating as an ASO, no pharmacy rebates have been estimated since June 30, 2002. Rebates will be reported on a cash basis as received and forwarded to TennCare. The second previous quarter and prior quarters are reported based on reports from our pharmacy benefit manager (PBM) listing rebates invoiced. The Company generally receives a notice from the PBM in the fourth month following the end of each quarter, listing the rebate amounts billed by manufacturer. Received amounts listed below are calculated based on the date the PBM notified the Company of the invoiced rebates. The amounts listed below include payments received on behalf of TennCare under the ASO arrangement. No pharmacy rebate receivable balance is reported on the financial statements as no amounts are receivable prior to the ASO arrangement and all ASO activity is reported on a cash basis, including the amounts listed as invoiced/confirmed in the chart below for the quarters ending after June 30, 2002.

Notes to Financial Statement

Quarter	Estimated Pharmacy Rebates as Reported on Financial Statements (Original Estimate)	Pharmacy Rebates as Invoiced/ Confirmed	Actual Rebates Collected Within 90 Days of receiving Invoice	Actual Rebates Collected Within 91 to 180 Days of receiving Invoice	Actual Rebates Collected More Than 180 Days After receiving Invoice
6/30/03	0			0	0
3/31/03	0	112,027		112,027	0
12/31/02	0	132,384	0	104,538	27,846
9/30/02	0	125,707	0	110,477	15,230
6/30/02	133,963	142,448	2,710	136,033	3,705
3/31/02	126,366	133,923	0	112,334	21,589
12/31/01	117,277	178,806	0	142,088	36,718
9/30/01	0	158,496	0	130,488	28,008

B. The Company has no Risk Sharing Receivables.

29. Participating Policies:

A. The Company has no Participating Policies
30. Premium Deficiency Reserves:

A. The Company has no Premium Deficiency Reserves.
31. Anticipated Salvage and Subrogation

A. The Company has no anticipated salvage and subrogation.

SUMMARY INVESTMENT SCHEDULE

Investment Categories		Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
		1 Amount	2 Percentage	3 Amount	4 Percentage
1.	Bonds:				
1.1	U.S. treasury securities	1,119,954	11.689	1,119,954	11.689
1.2	U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
1.21	Issued by U.S. government agencies				
1.22	Issued by U.S. government sponsored agencies				
1.3	Foreign government (including Canada, excluding mortgage-backed securities)				
1.4	Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41	States, territories and possessions general obligations				
1.42	Political subdivisions of states, territories and possessions and political subdivisions general obligations				
1.43	Revenue and assessment obligations				
1.44	Industrial development and similar obligations				
1.5	Mortgage-backed securities (includes residential and commercial MBS):				
1.51	Pass-through securities:				
1.511	Guaranteed by GNMA				
1.512	Issued by FNMA and FHLMC				
1.513	Privately issued				
1.52	CMOs and REMICs:				
1.521	Issued by FNMA and FHLMC				
1.522	Privately issued and collateralized by MBS issued or guaranteed by GNMA, FNMA, or FHLMC				
1.523	All other privately issued				
2.	Other debt and other fixed income securities (excluding short term):				
2.1	Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)				
2.2	Unaffiliated foreign securities				
2.3	Affiliated securities				
3.	Equity interests:				
3.1	Investments in mutual funds				
3.2	Preferred stocks:				
3.21	Affiliated				
3.22	Unaffiliated				
3.3	Publicly traded equity securities (excluding preferred stocks):				
3.31	Affiliated				
3.32	Unaffiliated				
3.4	Other equity securities:				
3.41	Affiliated				
3.42	Unaffiliated				
3.5	Other equity interests including tangible personal property under lease:				
3.51	Affiliated				
3.52	Unaffiliated				
4.	Mortgage loans:				
4.1	Construction and land development				
4.2	Agricultural				
4.3	Single family residential properties				
4.4	Multifamily residential properties				
4.5	Commercial loans				
4.6	Mezzanine real estate loans				
5.	Real estate investments:				
5.1	Property occupied by company				
5.2	Property held for production of income (includes \$..... of property acquired in satisfaction of debt)				
5.3	Property held for sale (\$..... including property acquired in satisfaction of debt)				
6.	Policy loans				
7.	Receivables for securities				
8.	Cash and short-term investments	8,461,400	88.311	8,461,400	88.311
9.	Other invested assets				
10.	Total invested assets	9,581,354	100.000	9,581,354	100.000

GENERAL INTERROGATORIES
PART 1 - COMMON INTERROGATORIES
GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes[X] No[]
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes[X] No[] N/A[]
Tennessee
- 1.3 State Regulating?
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes[] No[X]
- 2.2 If yes, date of change:
If not previously filed, furnish herewith a certified copy of the instrument as amended.
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made.

03/22/2002
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2001
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).
- 3.4 By what department or departments?
Tennessee Department of Commerce and Insurance
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

Yes[] No[X]
- 4.11 sales of new business?

Yes[] No[X]
- 4.12 renewals?
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

Yes[] No[X]
- 4.21 sales of new business?

Yes[] No[X]
- 4.22 renewals?
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes[] No[X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1	2	3
Name of Entity	NAIC Company Code	State of Domicile

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action either formal or informal, if a confidentiality clause is part of the agreement)

Yes[] No[X]
- 6.2 If yes, give full information:
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes[] No[X]
- 7.2 If yes,
- 7.21 State the percentage of foreign control

%
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact)

1	2
Nationality	Type of Entity

GENERAL INTERROGATORIES (continued)

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes[] No[X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms?

Yes[] No[X]
- 8.4 If response to 8.3 is yes, please provide the names and location (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e., the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC) and identify the affiliate's primary federal regulator.

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 OTS	6 FDIC	7 SEC
..... Yes[] No[X] ..	.. Yes[] No[X] ..	.. Yes[] No[X] ..	.. Yes[] No[X] ..	.. Yes[] No[X] ..

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?

Ernst & Young, LLP., 2100 One PPG Place, Pittsburgh, PA 15222
10. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with a(n) actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?

Barbara V. Scheil, FSA, MAAA, Member of the American Academy of Actuaries, AON Consulting, Inc., Boulders VII, 7325 Beaufont Springs Drive, Suite 300, Richmond, Virginia 23225
11. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 11.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
- 11.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?

Yes[] No[X]
- 11.3 Have there been any changes made to any of the trust indentures during the year?

Yes[] No[X]
- 11.4 If answer to (11.3) is yes, has the domiciliary or entry state approved the changes?

Yes[] No[] N/A[X]

BOARD OF DIRECTORS

12. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof?

Yes[X] No[]
13. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof?

Yes[X] No[]
14. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees which is in or is likely to conflict with the official duties of such person?

Yes[X] No[]

FINANCIAL

- 15.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 15.11 To directors or other officers

\$
- 15.12 To stockholders not officers

\$
- 15.13 Trustees, supreme or grand (Fraternal only)

\$
- 15.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 15.21 To directors or other officers

\$
- 15.22 To stockholders not officers

\$
- 15.23 Trustees, supreme or grand (Fraternal only)

\$
- 16.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement?

Yes[] No[X]
- 16.2 If yes, state the amount thereof at December 31 of the current year:
- 16.21 Rented from others

\$
- 16.22 Borrowed from others

\$
- 16.23 Leased from others

\$
- 16.24 Other

\$
- Disclose in Notes to Financial the nature of each obligation.
- 17.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments?

Yes[] No[X]
- 17.2 If answer is yes:
- 17.21 Amount paid as losses or risk adjustment

\$
- 17.22 Amount paid as expenses

\$
- 17.23 Other amounts paid

\$

GENERAL INTERROGATORIES (continued)

INVESTMENT

18. List the following capital stock information for the reporting entity:

Class		1 Number of Shares Authorized	2 Number of Shares Outstanding	3 Par Value Per Share	4 Redemption Price If Callable	5 Is Dividend Rate Limited?	6 Are Dividends Cumulative?
1.	Preferred .....	.....	.....	.....	.....	Yes[] No[] N/A[X]	Yes[] No[] N/A[X]
2.	Common .....	..... 2,000.000	..... 100.000	.....	..... X X X .....	..... X X X .....	..... X X X

19.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date, except as shown by Schedule E - Part 3 - Special Deposits?

Yes[X] No[]

19.2 If no, give full and complete information, relating thereto:

20.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, except as shown on Schedule E - Part 3 - Special Deposits, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 16.1).

Yes[] No[X]

20.2 If yes, state the amount thereof at December 31 of the current year:

20.21 Loaned to others

20.22 Subject to repurchase agreements

20.23 Subject to reverse repurchase agreements

20.24 Subject to dollar repurchase agreements

20.25 Subject to reverse dollar repurchase agreements

20.26 Pledged as collateral

20.27 Placed under option agreements

20.28 Letter stock or securities restricted as to sale

20.29 Other

\$

\$

\$

\$

\$

\$

\$

\$

\$

20.3 For each category above, if any of these assets are held by other, identify by whom held:

- 20.31
- 20.32
- 20.33
- 20.34
- 20.35
- 20.36
- 20.37
- 20.38
- 20.39

For categories (20.21) and (20.23) above, and for any securities that were made available for use by another person during the period covered by this statement, attach a schedule as shown in the instructions to the annual statement.

20.4 For category (20.28) provide the following:

1 Nature of Restriction	2 Description	3 Amount
.....

21.1 Does the reporting entity have any hedging transactions reported on Schedule DB?

Yes[] No[X]

21.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?

Yes[] No[] N/A[X]

If no, attach a description with this statement.

22.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity?

Yes[] No[X]

22.2 If yes, state the amount thereof at December 31 of the current year.

\$

GENERAL INTERROGATORIES (continued)

INVESTMENT

23. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1 - General, Section IV.H - Custodial or Safekeeping agreements of the NAIC Financial Condition Examiners Handbook?
- 23.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:
- Yes[X] No[]

1 Name of Custodian(s)	2 Custodian's Address
First Tennessee Bank National Association	Memphis, TN
.....

- 23.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)
.....

- 23.03 Have there been any changes, including name changes, in the custodian(s) identified in 23.01 during the current year?
- 23.04 If yes, give full and complete information relating thereto:
- Yes[] No[X]

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
.....

- 23.05 Identify all investment advisers, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository Number(s)	2 Name	3 Address
.....

- 24.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b)(1)])?
- 24.2 If yes, complete the following schedule:
- Yes[] No[X]

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
24.2999 Total

- 24.3 For each mutual fund listed in the table above, complete the following schedule:

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation
.....

GENERAL INTERROGATORIES (Continued)

OTHER

25.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any? \$
25.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

1 Name	2 Amount Paid
.....

26.1 Amount of payments for legal expenses, if any? \$ 39,551
26.2 List the name of the firm and the amount paid if any such payments represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
Harris, Shelton, Dunlap, Cobb .....	..... 25,617

27.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or department of government, if any? \$
27.2 List the name of firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies officers or department of government during the period covered by this statement.

1 Name	2 Amount Paid
.....

GENERAL INTERROGATORIES (continued)

PART 2 - HEALTH INTERROGATORIES

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force?

Yes[] No[X]
- 1.2 If yes, indicate premium earned on U.S. business only:

\$
- 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

\$
- 1.31 Reason for excluding:
- 1.4 Indicate amount of premium earned attributable to Canadian and/or Other Alien not included in Item (1.2) above.

\$
- 1.5 Indicate total incurred claims on all Medicare Supplement insurance.

\$
- 1.6 Individual policies - Most current three years:
- 1.61 Total premium earned

\$
- 1.62 Total incurred claims

\$
- 1.63 Number of covered lives

\$
- All years prior to most current three years:
- 1.64 Total premium earned

\$
- 1.65 Total incurred claims

\$
- 1.66 Number of covered lives

\$
- 1.7 Group policies - Most current three years:
- 1.71 Total premium earned

\$
- 1.72 Total incurred claims

\$
- 1.73 Number of covered lives

\$
- All years prior to most current three years:
- 1.74 Total premium earned

\$
- 1.75 Total incurred claims

\$
- 1.76 Number of covered lives

\$

2. Health Test

		1	2
		Current Year	Prior Year
2.1	Premium Numerator	163,090	38,264,598
2.2	Premium Denominator	163,090	38,264,598
2.3	Premium Ratio (2.1 / 2.2)	1.000	1.000
2.4	Reserve Numerator	4,898,815	7,224,929
2.5	Reserve Denominator	4,898,815	7,224,929
2.6	Reserve Ratio (2.4 / 2.5)	1.000	1.000

- 3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits?

Yes[] No[X]
- 3.2 If yes, give particulars:
- 4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and departments been filed with the appropriate regulatory agency?

Yes[X] No[]
- 4.2 If not previously filed furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?

Yes[X] No[]
- 5.1 Does the reporting entity have stop-loss reinsurance?

Yes[X] No[]
- 5.2 If no, explain:
- 5.3 Maximum retained risk (see instructions):
- 5.31 Comprehensive Medical

\$
- 5.32 Medical Only

\$
- 5.33 Medicare Supplement

\$
- 5.34 Dental

\$
- 5.35 Other Limited Benefit Plan

\$
- 5.36 Other

\$
6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:
- 7.1 Does the reporting entity set up its claim liability for provider services on a service data base?

Yes[X] No[]
- 7.2 If no, give details:
8. Provide the following information regarding participating providers:
- 8.1 Number of providers at start of reporting year

1422
- 8.2 Number of providers at end of reporting year

1492
- 9.1 Does the reporting entity have business subject to premium rate guarantees?

Yes[] No[X]
- 9.2 If yes, direct premium earned:
- 9.21 Business with rate guarantees between 15-36 months

0
- 9.22 Business with rate guarantees over 36 months

0

GENERAL INTERROGATORIES (continued)
PART 2 - HEALTH INTERROGATORIES

- 10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts?

Yes[] No[X]
- 10.2 If yes:
- 10.21 Maximum amount payable bonuses

\$
- 10.22 Amount actually paid for year bonuses

\$
- 10.23 Maximum amount payable withholds

\$
- 10.24 Amount actually paid for year withholds

\$
- 11.1 Is the reporting entity organized as:
- 11.12 A medical Group/Staff Model,

Yes[] No[X]
- 11.13 An Individual Practice Association (IPA), or,

Yes[] No[X]
- 11.14 A Mixed Model (combination of above)?

Yes[] No[X]
- 11.2 Is the reporting entity subject to Minimum Net Worth Requirements?

Yes[X] No[]
- 11.3 If yes, show the name of the state requiring such net worth.

Tennessee
- 11.4 If yes, show the amount required.

\$ 2,637,749
- 11.5 Is this amount included as part of a contingency reserve in stockholder's equity?

Yes[] No[X]
- 11.6 If the amount is calculated, show the calculation.

4% of the Amount received under the TennCare contract (65,943,723 * 4%)
12. List service areas in which the reporting entity is licensed to operate:

1
Name of Service Area
Western Region - Tennessee

FIVE-YEAR HISTORICAL DATA

	1 2003	2 2002	3 2001	4 2000	5 1999
BALANCE SHEET ITEMS (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 26)	9,648,917	11,568,273	18,755,020		
2. Total liabilities (Page 3, Line 22)	5,644,209	8,046,712	15,611,817		
3. Statutory surplus					
4. Total capital and surplus (Page 3, Line 30)	4,004,708	3,521,561	3,143,203		
INCOME STATEMENT ITEMS (Page 4)					
5. Total revenues (Line 8)	163,090	38,264,598	34,895,131		
6. Total medical and hospital expenses (Line 18)	138,624	32,395,363	29,635,803		
7. Total administrative expenses (Line 21)	3,787	4,363,782	4,134,052		
8. Net underwriting gain (loss) (Line 24)	291,632	582,990	65,008		
9. Net investment gain (loss) (Line 27)	114,077	310,445	205,916		
10. Total other income (Lines 28 plus 29)	4,300		(16,000)		
11. Net income or (loss) (Line 32)	270,606	589,668	172,254		
RISK-BASED CAPITAL ANALYSIS					
12. Total adjusted capital	4,004,708	3,521,561	3,143,203		
13. Authorized control level risk-based capital	752,456	1,745,623	1,857,172		
ENROLLMENT (Exhibit 2)					
14. Total members at end of period (Column 5, Line 7)			40,910		
15. Total members months (Column 6, Line 7)		260,890	242,981		
OPERATING PERCENTAGE (Page 4)					
(Item divided by Page 4, sum of Lines 2, 3 and 5)					
16. Premiums earned (Lines 2 plus 3)	100.0	100.0	100.0	100.0	100.0
17. Total hospital and medical (Line 18)	85.0	84.7	84.9		
18. Total underwriting deductions (Line 23)	(78.8)	98.5	99.8		
19. Total underwriting gain (loss) (Line 24)	178.8	1.5	0.2		
UNPAID CLAIMS ANALYSIS					
(U&I Exhibit, Part 2B)					
20. Total claims incurred for prior years (Line 12, Col. 5)	7,363,553	13,189,748			
21. Estimated liability of unpaid claims-[prior year (Line 12, Col. 6)] ..	7,224,929	13,189,748			
INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES					
22. Affiliated bonds (Sch. D Summary, Line 25, Col. 1)					
23. Affiliated preferred stocks (Sch. D Summary, Line 39, Col. 1)					
24. Affiliated common stocks (Sch. D Summary, Line 53, Col. 2)					
25. Affiliated short-term investments (subtotal included in Sch. DA, Part 2, Col. 5, Line 11)					
26. Affiliated mortgage loans on real estate					
27. All other affiliated					
28. Total of above Lines 22 to 27					



EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION (a)

REPORT FOR: 1. CORPORATION: 2. DIVISION:

NAIC Group Code 2718

BUSINESS IN THE STATE OF **GRAND TOTAL** DURING THE YEAR

NAIC Company Code 11139

	1	Comprehensive (Hospital & Medical)		4	5	6	7	8	9	10	11	12	13
		2	3										
	Total	Individual	Group	Medicare Supplement	Vision Only	Dental Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other
Total Members at end of:													
1. Prior Year													
2. First Quarter													
3. Second Quarter													
4. Third Quarter													
5. Current Year													
6. Current Year Member Months													
Total Member Ambulatory Encounters for Year:													
7. Physician													
8. Non-Physician													
9. Total													
10. Hospital Patient Days Incurred													
11. Number of Inpatient Admissions													
12. Health Premiums Collected	178,042								178,042				
13. Life Premiums Direct													
14. Property/Casualty Premiums Written													
15. Health Premiums Earned	163,090								163,090				
16. Property/Casualty Premiums Earned													
17. Amount Paid for Provision of Health Care Services	2,464,738								2,464,738				
18. Amount of Incurred for Provision of Health Care Services	138,624								138,624				

35 Grand Total

(a) For health business: number of persons insured under PPO managed care products and number of persons insured under indemnity only products



EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION (a)

REPORT FOR: 1. CORPORATION: Better Health Plans, Inc. 2. DIVISION:

NAIC Group Code 2718

BUSINESS IN THE STATE OF **TENNESSEE** DURING THE YEAR

NAIC Company Code 11139

	1	Comprehensive (Hospital & Medical)		4	5	6	7	8	9	10	11	12	13
		2	3										
	Total	Individual	Group	Medicare Supplement	Vision Only	Dental Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other
Total Members at end of:													
1. Prior Year													
2. First Quarter													
3. Second Quarter													
4. Third Quarter													
5. Current Year													
6. Current Year Member Months													
Total Member Ambulatory Encounters for Year:													
7. Physician													
8. Non-Physician													
9. Total													
10. Hospital Patient Days Incurred													
11. Number of Inpatient Admissions													
12. Health Premiums Collected	178,042								178,042				
13. Life Premiums Direct													
14. Property/Casualty Premiums Written													
15. Health Premiums Earned	163,090								163,090				
16. Property/Casualty Premiums Earned													
17. Amount Paid for Provision of Health Care Services	2,464,738								2,464,738				
18. Amount of Incurred for Provision of Health Care Services	138,624								138,624				

(a) For health business: number of persons insured under PPO managed care products and number of persons insured under indemnity only products

SCHEDULE A - VERIFICATION BETWEEN YEARS

1.	Book/adjusted carrying value, December 31, prior year (prior year statement)	
2.	Increase (decrease) by adjustment:	
2.1	Totals, Part 1, Column 10	
2.2	Totals, Part 3, Column 7	
3.	Cost of acquired, (Totals, Part 2, Column 6, net of encumbrances (Column 7) and net of additions and permanent improvements (Column 9))	
4.	Cost of additions and permanent improvements:	
4.1	Totals, Part 1, Column 13	
4.2	Totals, Part 3, Column 9	
5.	Total profit (loss) on sales, Part 3, Column 14	
6.	Increase (decrease) by foreign exchange adjustment	
6.1	Totals, Part 1, Column 11	
6.2	Totals, Part 3, Column 8	
7.	Amounts received on sales, Part 3, Column 11 and Part 1, Column 12	
8.	Book/adjusted carrying value at the end of current period	
9.	Total valuation allowance	
10.	Subtotal (Lines 8 plus 9)	
11.	Total nonadmitted amounts	
12.	Statement value, current period (Page 2, real estate lines, current period)	

NONE

SCHEDULE B - VERIFICATION BETWEEN YEARS

1.	Book value/recorded investment excluding accrued interest of mortgages owned, December 31 of prior year	
2.	Amount loaned during year:	
2.1	Actual cost at time of acquisitions	
2.2	Additional investment made after acquisitions	
3.	Accrual of discount and mortgage interest points and commitment fees	
4.	Increase (decrease) by adjustment	
5.	Total profit (loss) on sale	
6.	Amounts paid on account or in full during the year	
7.	Amortization of premium	
8.	Increase (decrease) by foreign exchange adjustment	
9.	Book value/recorded investment excluding accrued interest on mortgages owned at end of current period	
10.	Total valuation allowance	
11.	Subtotal (Lines 9 plus 10)	
12.	Total nonadmitted amounts	
13.	Statement value of mortgages owned at end of current period	

NONE

SCHEDULE BA - VERIFICATION BETWEEN YEARS

1.	Book/adjusted carrying value of long-term invested assets owned, December 31 of prior year	
2.	Cost of acquisitions during year:	
2.1	Actual cost at time of acquisitions	
2.2	Additional investment made after acquisitions	
3.	Accrual of discount	
4.	Increase (decrease) by adjustment	
5.	Total profit (loss) on sale	
6.	Amounts paid on account or in full during the year	
7.	Amortization of premium	
8.	Increase (decrease) by foreign exchange adjustment	
9.	Book/adjusted carrying value of long-term invested assets at end of current period	
10.	Total valuation allowance	
11.	Subtotal (Lines 9 plus 10)	
12.	Total nonadmitted amounts	
13.	Statement value of long-term invested assets at end of current period	

NONE

SCHEDULE D - SUMMARY BY COUNTRY
Long-term Bonds and Stocks OWNED December 31 of Current Year

Description			1 Book/Adjusted Carrying Value	2 Fair Value (a)	3 Actual Cost	4 Par Value of Bonds
BONDS Governments (Including all obligations guaranteed by governments)	1.	United States	1,119,954	1,130,405	1,169,125	1,100,000
	2.	Canada				
	3.	Other Countries				
	4.	Totals	1,119,954	1,130,405	1,169,125	1,100,000
States, Territories and Possessions (Direct and Guaranteed)	5.	United States				
	6.	Canada				
	7.	Other Countries				
	8.	Totals				
Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed)	9.	United States				
	10.	Canada				
	11.	Other Countries				
	12.	Totals				
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13.	United States				
	14.	Canada				
	15.	Other Countries				
	16.	Totals				
Public Utilities (unaffiliated)	17.	United States				
	18.	Canada				
	19.	Other Countries				
	20.	Totals				
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21.	United States				
	22.	Canada				
	23.	Other Countries				
	24.	Totals				
Parent, Subsidiaries and Affiliates	25.	Totals				
	26.	Total Bonds	1,119,954	1,130,405	1,169,125	1,100,000
PREFERRED STOCKS Public Utilities (unaffiliated)	27.	United States				
	28.	Canada				
	29.	Other Countries				
	30.	Totals				
Banks, Trust and Insurance Companies (unaffiliated)	31.	United States				
	32.	Canada				
	33.	Other Countries				
	34.	Totals				
Industrial and Miscellaneous (unaffiliated)	35.	United States				
	36.	Canada				
	37.	Other Countries				
	38.	Totals				
Parent, Subsidiaries and Affiliates	39.	Totals				
	40.	Total Preferred Stocks				
COMMON STOCKS Public Utilities (unaffiliated)	41.	United States				
	42.	Canada				
	43.	Other Countries				
	44.	Totals				
Banks, Trust and Insurance Companies (unaffiliated)	45.	United States				
	46.	Canada				
	47.	Other Countries				
	48.	Totals				
Industrial and Miscellaneous (unaffiliated)	49.	United States				
	50.	Canada				
	51.	Other Countries				
	52.	Totals				
Parent, Subsidiaries and Affiliates	53.	Totals				
	54.	Total Common Stocks				
	55.	Total Stocks				
	56.	Total Bonds and Stocks	1,119,954	1,130,405	1,169,125	

(a) The aggregate value of bonds which are valued at other than actual fair value is \$.....

SCHEDULE D - Verification Between Years

1. Book/adjusted carrying value of bonds and stocks, prior year. _____	1,153,235	6. Foreign Exchange Adjustment	
2. Cost of bonds and stocks acquired, Column 6, Part 3.		6.1 Column 17, Part 1.....	
3. Increase (decrease) by adjustment:		6.2 Column 13, Part 2, Section 1.....	
3.1 Column 16, Part 1.....	(33,281)	6.3 Column 11, Part 2, Section 2.....	
3.2 Column 12, Part 2, Section 1.....		6.4 Column 11, Part 4.....	
3.3 Column 10, Part 2, Section 2.....			
3.4 Column 10, Part 4.....	(33,281)	7. Book/adjusted carrying value at end of current period.....	1,119,954
4. Total gain (loss), Column 14, Part 4.....		8. Total valuation allowance.....	
5. Deduct consideration for bonds and stocks disposed of		9. Subtotal (Lines 7 plus 8).....	1,119,954
Column 6, Part 4.....		10. Total nonadmitted assets.....	
		11. Statement value of bonds and stocks, current period.....	1,119,954

SCHEDULE D - PART 1A - SECTION 1

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

Quality Rating Per the NAIC Designation		1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total From Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
1.	U.S. Government, Schedules D & DA (Group 1)											
1.1	Class 1	1,119,954					1,119,954	100.00	1,153,235	100.00	1,119,954	
1.2	Class 2											
1.3	Class 3											
1.4	Class 4											
1.5	Class 5											
1.6	Class 6											
1.7	TOTALS	1,119,954					1,119,954	100.00	1,153,235	100.00	1,119,954	
2.	All Other Governments, Schedules D & DA (Group 2)											
2.1	Class 1											
2.2	Class 2											
2.3	Class 3											
2.4	Class 4											
2.5	Class 5											
2.6	Class 6											
2.7	TOTALS											
3.	States, Territories and Possessions etc., Guaranteed, Schedules D & DA (Group 3)											
3.1	Class 1											
3.2	Class 2											
3.3	Class 3											
3.4	Class 4											
3.5	Class 5											
3.6	Class 6											
3.7	TOTALS											
4.	Political Subdivisions of States, Territories & Possessions, Guaranteed, Schedules D & DA (Group 4)											
4.1	Class 1											
4.2	Class 2											
4.3	Class 3											
4.4	Class 4											
4.5	Class 5											
4.6	Class 6											
4.7	TOTALS											
5.	Special Revenue & Special Assessment Obligations etc., Non-Guaranteed, Schedules D & DA (Group 5)											
5.1	Class 1											
5.2	Class 2											
5.3	Class 3											
5.4	Class 4											
5.5	Class 5											
5.6	Class 6											
5.7	TOTALS											

SCHEDULE D - PART 1A - SECTION 1 (continued)

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

Quality Rating Per the NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total From Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
6. Public Utilities (Unaffiliated), Schedules D & DA (Group 6)											
6.1 Class 1											
6.2 Class 2											
6.3 Class 3											
6.4 Class 4											
6.5 Class 5											
6.6 Class 6											
6.7 TOTALS											
7. Industrial & Miscellaneous (Unaffiliated), Schedules D & DA (Group 7)											
7.1 Class 1											
7.2 Class 2											
7.3 Class 3											
7.4 Class 4											
7.5 Class 5											
7.6 Class 6											
7.7 TOTALS											
8. Credit Tenant Loans, Schedules D & DA (Group 8)											
8.1 Class 1											
8.2 Class 2											
8.3 Class 3											
8.4 Class 4											
8.5 Class 5											
8.6 Class 6											
8.7 TOTALS											
9. Parent, Subsidiaries and Affiliates, Schedules D & DA (Group 9)											
9.1 Class 1											
9.2 Class 2											
9.3 Class 3											
9.4 Class 4											
9.5 Class 5											
9.6 Class 6											
9.7 TOTALS											

SCHEDULE D - PART 1A - SECTION 1 (continued)

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values By Major Types of Issues and NAIC Designations

Quality Rating Per the NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total From Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
10. Total Bonds Current Year											
10.1 Class 1	1,119,954					1,119,954	100.00	X X X	X X X	1,119,954	
10.2 Class 2								X X X	X X X		
10.3 Class 3								X X X	X X X		
10.4 Class 4								X X X	X X X		
10.5 Class 5						(c)		X X X	X X X		
10.6 Class 6						(c)		X X X	X X X		
10.7 TOTALS	1,119,954					(b) 1,119,954	100.00	X X X	X X X	1,119,954	
10.8 Line 10.7 as a % of Column 6	100.00					100.00	X X X	X X X	X X X	100.00	
11. Total Bonds Prior Year											
11.1 Class 1		1,153,235				X X X	X X X	1,153,235	100.00	1,153,235	
11.2 Class 2						X X X	X X X				
11.3 Class 3						X X X	X X X				
11.4 Class 4						X X X	X X X				
11.5 Class 5						X X X	X X X	(c)			
11.6 Class 6						X X X	X X X	(c)			
11.7 TOTALS		1,153,235				X X X	X X X	(b) 1,153,235	100.00	1,153,235	
11.8 Line 11.7 as a % of Col. 8		100.00				X X X	X X X	100.00	X X X	100.00	
12. Total Publicly Traded Bonds											
12.1 Class 1	1,119,954					1,119,954	100.00	1,153,235	100.00	1,119,954	X X X
12.2 Class 2											X X X
12.3 Class 3											X X X
12.4 Class 4											X X X
12.5 Class 5											X X X
12.6 Class 6											X X X
12.7 TOTALS	1,119,954					1,119,954	100.00	1,153,235	100.00	1,119,954	X X X
12.8 Line 12.7 as a % of Col. 6	100.00					100.00	X X X	X X X	X X X	100.00	X X X
12.9 Line 12.7 as a % of Line 10.7, Col. 6, Section 10 ..	100.00					100.00	X X X	X X X	X X X	100.00	X X X
13. Total Privately Placed Bonds											
13.1 Class 1										X X X	
13.2 Class 2										X X X	
13.3 Class 3										X X X	
13.4 Class 4										X X X	
13.5 Class 5										X X X	
13.6 Class 6										X X X	
13.7 TOTALS										X X X	
13.8 Line 13.7 as a % of Col. 6							X X X	X X X	X X X	X X X	
13.9 Line 13.7 as a % of Line 10.7, Col. 6, Section 10 ..							X X X	X X X	X X X	X X X	

(a) Includes \$..... freely tradable under SEC Rule 144 or qualified for resale under SEC Rule 144A.
(b) Includes \$..... current year, \$..... prior year of bonds with Z designations and \$..... current year, \$..... prior year of bonds with Z* designations. The letter "Z" means the NAIC designation was not assigned by the Securities Valuation Office (SVO) at the date of the statement. "Z*" means the SVO could not evaluate the obligation because valuation procedures for the security class is under regulatory review.
(c) Includes \$..... current year, \$..... prior year of bonds with 5* designations and \$..... current year, \$..... prior year of bonds with 6* designations. "5*" means the NAIC designation was assigned by the SVO in reliance on the insurer's certification that the issuer is current in all principal and interest payments. "6*" means the NAIC designation was assigned by the SVO due to inadequate certification of principal and interest payments.

SCHEDULE D - PART 1A - SECTION 2

Maturity Distribution of All Bonds Owned December 31, At Book/Adjusted Carrying Values by Major Types of and subtype of Issues

Distribution by Type		1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total From Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
1.	U.S. Governments, Schedules D & DA (Group 1)											
1.1	Issuer Obligations	1,119,954					1,119,954	100.00	1,153,235	100.00	1,119,954	
1.2	Single Class Mortgage-Backed/Asset-Backed Bonds											
1.7	TOTALS	1,119,954					1,119,954	100.00	1,153,235	100.00	1,119,954	
2.	All Other Governments, Schedules D & DA (Group 2)											
2.1	Issuer Obligations											
2.2	Single Class Mortgage-Backed/Asset-Backed Bonds											
	MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
2.3	Defined											
2.4	Other											
	MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
2.5	Defined											
2.6	Other											
2.7	TOTALS											
3.	States, Territories and Possessions, Guaranteed, Schedules D & DA (Group 3)											
3.1	Issuer Obligations											
3.2	Single Class Mortgage-Backed/Asset-Backed Bonds											
	MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
3.3	Defined											
3.4	Other											
	MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
3.5	Defined											
3.6	Other											
3.7	TOTALS											
4.	Political Subdivisions of States, Territories & Possessions, Guaranteed, Schedules D & DA (Group 4)											
4.1	Issuer Obligations											
4.2	Single Class Mortgage-Backed/Asset-Backed Bonds											
	MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
4.3	Defined											
4.4	Other											
	MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
4.5	Defined											
4.6	Other											
4.7	TOTALS											
5.	Special Revenue & Special Assessment Obligations etc., Non-Guaranteed, SCH. D & DA (Group 5)											
5.1	Issuer Obligations											
5.2	Single Class Mortgage-Backed/Asset-Backed Bonds											
	MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
5.3	Defined											
5.4	Other											
	MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
5.5	Defined											
5.6	Other											
5.7	TOTALS											

SCHEDULE D - PART 1A - SECTION 2 (continued)

Maturity Distribution of All Bonds Owned December 31, At Book/Adjusted Carrying Values by Major Types of and subtype of Issues

	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total From Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
Distribution by Type											
6. Public Utilities (Unaffiliated), Schedules D & DA (Group 6)											
6.1 Issuer Obligations											
6.2 Single Class Mortgage-Backed/Asset-Backed Securities											
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
6.3 Defined											
6.4 Other											
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
6.5 Defined											
6.6 Other											
6.7 TOTALS											
7. Industrial & Miscellaneous (Unaffiliated), Schedules D & DA (Group 7)											
7.1 Issuer Obligations											
7.2 Single Class Mortgage-Backed/Asset-Backed Securities											
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
7.3 Defined											
7.4 Other											
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
7.5 Defined											
7.6 Other											
7.7 TOTALS											
8. Credit Tenant Loans, Schedules D & DA (Group 8)											
8.1 Issuer Obligations											
8.7 TOTALS											
9. Parent, Subsidiaries and Affiliates, Schedules D & DA (Group 9)											
9.1 Issuer Obligations											
9.2 Single Class Mortgage-Backed/Asset-Backed Securities											
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
9.3 Defined											
9.4 Other											
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
9.5 Defined											
9.6 Other											
9.7 TOTALS											

SCHEDULE D - PART 1A - SECTION 2 (continued)

Maturity Distribution of All Bonds Owned December 31, At Book/Adjusted Carrying Values by Major Types of and subtype of Issues

	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total From Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
Distribution by Type											
10. Total Bonds Current Year											
10.1 Issuer Obligations	1,119,954					1,119,954	100.00	X X X	X X X	1,119,954	
10.2 Single Class Mortgage-Backed/Asset-Backed Securities								X X X	X X X		
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
10.3 Defined								X X X	X X X		
10.4 Other								X X X	X X X		
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
10.5 Defined								X X X	X X X		
10.6 Other								X X X	X X X		
10.7 TOTALS	1,119,954					1,119,954	100.00	X X X	X X X	1,119,954	
10.8 Line 10.7 as a % of Column 6	100.00					100.00	X X X	X X X	X X X	100.00	
11. Total Bonds Prior Year											
11.1 Issuer Obligations		1,153,235				X X X	X X X	1,153,235	100.00	1,153,235	
11.2 Single Class Mortgage-Backed/Asset-Backed Securities						X X X	X X X				
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
11.3 Defined						X X X	X X X				
11.4 Other						X X X	X X X				
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
11.5 Defined						X X X	X X X				
11.6 Other						X X X	X X X				
11.7 TOTALS		1,153,235				X X X	X X X	1,153,235	100.00	1,153,235	
11.8 Line 11.7 as a % of Column 8		100.00				X X X	X X X	100.00	X X X	100.00	
12. Total Publicly Traded Bonds											
12.1 Issuer Obligations	1,119,954					1,119,954	100.00	1,153,235	100.00	1,119,954	X X X
12.2 Single Class Mortgage-Backed/Asset-Backed Securities											X X X
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
12.3 Defined											X X X
12.4 Other											X X X
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
12.5 Defined											X X X
12.6 Other											X X X
12.7 TOTALS	1,119,954					1,119,954	100.00	1,153,235	100.00	1,119,954	X X X
12.8 Line 12.7 as a % of Column 6	100.00					100.00	X X X	X X X	X X X	100.00	X X X
12.9 Line 12.7 as a % of Line 10.7, Column 6, Section 10	100.00					100.00	X X X	X X X	X X X	100.00	X X X
13. Total Privately Placed Bonds											
13.1 Issuer Obligations										X X X	
13.2 Single Class Mortgage-Backed/Asset-Backed Securities										X X X	
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
13.3 Defined										X X X	
13.4 Other										X X X	
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
13.5 Defined										X X X	
13.6 Other										X X X	
13.7 TOTALS										X X X	
13.8 Line 13.7 as a % of Column 6							X X X	X X X	X X X	X X X	
13.9 Line 13.7 as a % of Line 10.7, Column 6, Section 10							X X X	X X X	X X X	X X X	

44	Schedule DA Part 2 -	NONE
45	Schedule DB Part A Verification -	NONE
45	Schedule DB Part B Verification -	NONE
46	Schedule DB Part C Verification -	NONE
46	Schedule DB Part D Verification -	NONE
46	Schedule DB Part E Verification -	NONE
47	Schedule DB Part F Sn 1 - Sum Replicated Assets -	NONE
48	Schedule DB Part F Sn 2 - Recon Replicated Assets -	NONE
49	Schedule S - Part 1 - Section 2 -	NONE
50	Schedule S - Part 2 -	NONE

SCHEDULE S - PART 3 - SECTION 2

Reinsurance Ceded Accident and Health Insurance Listed by Reinsuring Company as of December 31, Current Year

1	2	3	4	5	6	7	8	9	Outstanding Surplus Relief		12	13
									10	11		
NAIC Company Code	Federal ID Number	Effective Date	Name of Company	Location	Type	Premiums	Unearned Premiums (estimated)	Reserve Credit Taken Other than for Unearned Premiums	Current Year	Prior Year	Modified Coinsurance Reserve	Funds Withheld Under Coinsurance
Non-Affiliates												
39845	48-0921045 ...	07/01/2003	EMPLOYERS REINS CORP	Jeferson City, MO	SSL/L .....	.....	.....	.....	.....	.....	.....	.....
02999999 Total - Non-Affiliates .....						.....	.....	.....	.....	.....	.....	.....
03999999 Totals .....						.....	.....	.....	.....	.....	.....	.....

SCHEDULE S - PART 4
Reinsurance Ceded To Unauthorized Companies

1	2	3	4	5	6	7	8	9	10	11	12	13	14
NAIC Company Code	Federal ID Number	Effective Date	Name of Reinsurer	Reserve Credit Taken	Paid and Unpaid Losses Recoverable (Debit)	Other Debits	Totals (Cols. 5 + 6 + 7)	Letters of Credit	Trust Agreements	Funds Deposited by and Withheld from Reinsurers	Other	Miscellaneous Balances (Credit)	Sum of Cols. 9+10+11+12+13 But Not in Excess of Col. 8
				NONE									
1199999 Totals (General Account and Separate Accounts combined) .....				.....	.....	.....	.....	.....	.....	.....	.....	.....	.....

SCHEDULE S - PART 5
Five-Year Exhibit of Reinsurance Ceded Business
(000 Omitted)

	1 2003	2 2002	3 2001	4 2000	5 1999
A. OPERATIONS ITEMS					
1. Premiums					
2. Title XVIII-Medicare					
3. Title XIX - Medicaid		197	184		
4. Commissions and reinsurance expense allowance					
5. Total hospital and medical expenses					
B. BALANCE SHEET ITEMS					
6. Premiums receivable					
7. Claims payable					
8. Reinsurance recoverable on paid losses		12			
9. Experience rating refunds due or unpaid					
10. Commissions and reinsurance expense allowances unpaid					
11. Unauthorized reinsurance offset					
C. UNAUTHORIZED REINSURANCE					
(DEPOSITS BY AND FUNDS WITHHELD FROM)					
12. Funds deposited by and withheld from (F)					
13. Letters of credit (L)					
14. Trust agreements (T)					
15. Other (O)					

SCHEDULE S - PART 6
Restatement of Balance Sheet to Identify Net Credit For Ceded Reinsurance

	1 As Reported (net of ceded)	2 Restatement Adjustments	3 Restated (gross of ceded)
ASSETS (Page 2, Col. 3)			
1. Cash and invested assets (Line 10)	9,581,354		9,581,354
2. Accident and health premiums due and unpaid (Line 12)			
3. Amounts recoverable from reinsurers (Line 13.1)			
4. Net credit for ceded reinsurance	X X X		
5. All other admitted assets (Balance)	67,563		67,563
6. Total assets (Line 26)	9,648,917		9,648,917
LIABILITIES, CAPITAL AND SURPLUS (Page 3)			
7. Claims unpaid (Line 1)	4,898,815		4,898,815
8. Accrued medical incentive pool and bonus payments (Line 2)			
9. Premiums received in advance (Line 8)	291,006		291,006
10. Reinsurance in unauthorized companies (Line 18)			
11. All other liabilities (Balance)	454,388		454,388
12. Total liabilities (Line 22)	5,644,209		5,644,209
13. Total capital and surplus (Line 30)	4,004,708	X X X	4,004,708
14. Total liabilities, capital and surplus (Line 31)	9,648,917		9,648,917
NET CREDIT FOR CEDED REINSURANCE			
15. Claims unpaid			
16. Accrued medical incentive pool			
17. Premiums received in advance			
18. Reinsurance recoverable on paid losses			
19. Other ceded reinsurance recoverables			
20. Total ceded reinsurance recoverables			
21. Premiums receivable			
22. Unauthorized reinsurance			
23. Other ceded reinsurance payables/offsets			
24. Total ceded reinsurance payables/offsets			
25. Total net credit for ceded reinsurance			

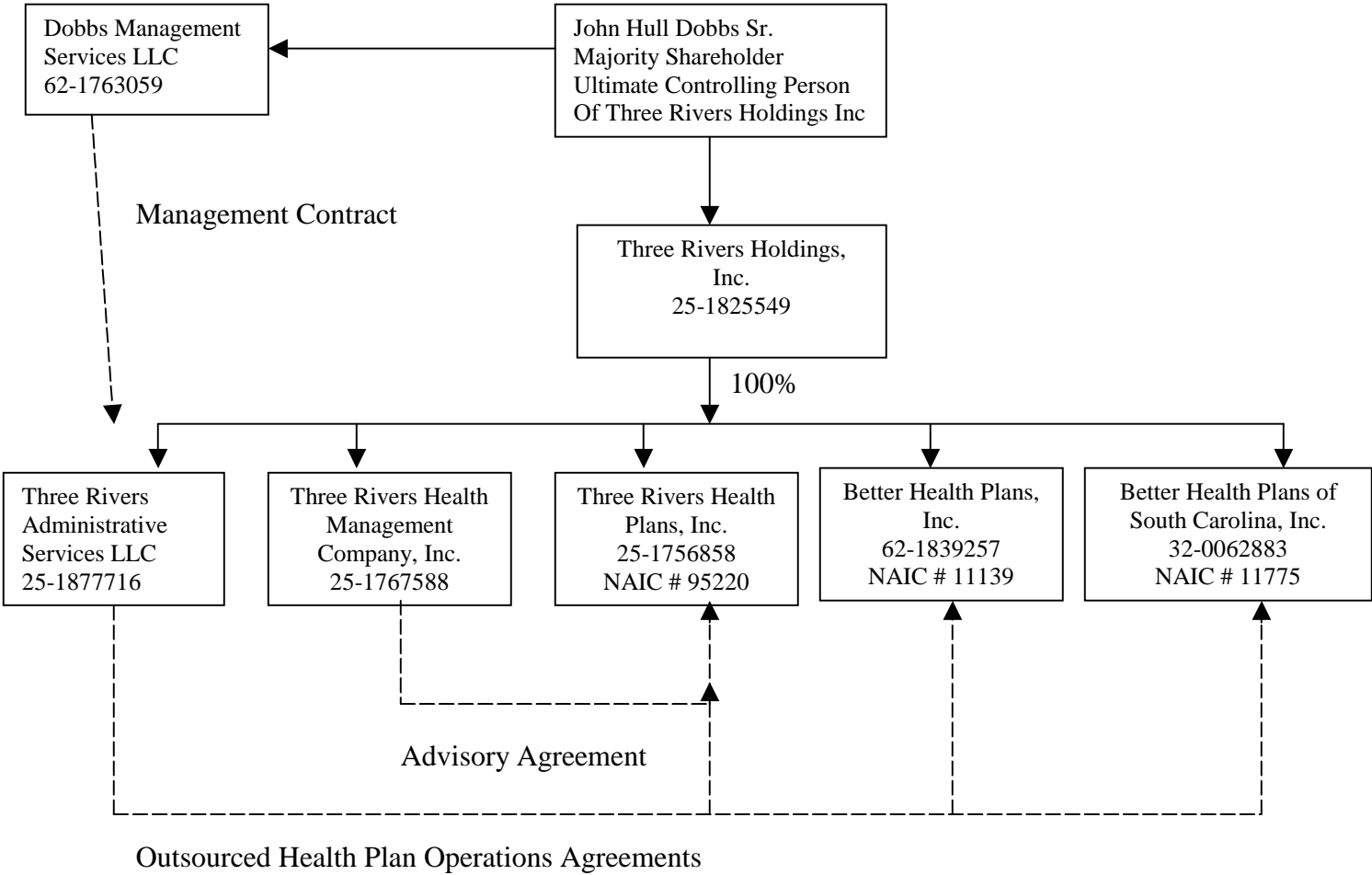
SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

		1	2	Direct Business Only					
				3	4	5	6	7	8
State, Etc.		Guaranty Fund (Yes or No)	Is Insurer Licensed (Yes or No)	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life & Annuity Premiums & Deposit-Type Contract Funds	Property/ Casualty Premiums
1.	Alabama (AL)	No	No						
2.	Alaska (AK)	No	No						
3.	Arizona (AZ)	No	No						
4.	Arkansas (AR)	No	No						
5.	California (CA)	No	No						
6.	Colorado (CO)	No	No						
7.	Connecticut (CT)	No	No						
8.	Delaware (DE)	No	No						
9.	District of Columbia (DC)	No	No						
10.	Florida (FL)	No	No						
11.	Georgia (GA)	No	No						
12.	Hawaii (HI)	No	No						
13.	Idaho (ID)	No	No						
14.	Illinois (IL)	No	No						
15.	Indiana (IN)	No	No						
16.	Iowa (IA)	No	No						
17.	Kansas (KS)	No	No						
18.	Kentucky (KY)	No	No						
19.	Louisiana (LA)	No	No						
20.	Maine (ME)	No	No						
21.	Maryland (MD)	No	No						
22.	Massachusetts (MA)	No	No						
23.	Michigan (MI)	No	No						
24.	Minnesota (MN)	No	No						
25.	Mississippi (MS)	No	No						
26.	Missouri (MO)	No	No						
27.	Montana (MT)	No	No						
28.	Nebraska (NE)	No	No						
29.	Nevada (NV)	No	No						
30.	New Hampshire (NH)	No	No						
31.	New Jersey (NJ)	No	No						
32.	New Mexico (NM)	No	No						
33.	New York (NY)	No	No						
34.	North Carolina (NC)	No	No						
35.	North Dakota (ND)	No	No						
36.	Ohio (OH)	No	No						
37.	Oklahoma (OK)	No	No						
38.	Oregon (OR)	No	No						
39.	Pennsylvania (PA)	No	No						
40.	Rhode Island (RI)	No	No						
41.	South Carolina (SC)	No	No						
42.	South Dakota (SD)	No	No						
43.	Tennessee (TN)	No	Yes			163,090			
44.	Texas (TX)	No	No						
45.	Utah (UT)	No	No						
46.	Vermont (VT)	No	No						
47.	Virginia (VA)	No	No						
48.	Washington (WA)	No	No						
49.	West Virginia (WV)	No	No						
50.	Wisconsin (WI)	No	No						
51.	Wyoming (WY)	No	No						
52.	American Samoa (AS)	No	No						
53.	Guam (GU)	No	No						
54.	Puerto Rico (PR)	No	No						
55.	U.S. Virgin Islands (VI)	No	No						
56.	Canada (CN)	No	No						
57.	Aggregate other alien (OT)	X X X	X X X						
58.	TOTAL (Direct Business)	X X X	(a). 1			163,090			
DETAILS OF WRITE-INS									
5701	.....							
5702	.....							
5703	.....							
5798.	Summary of remaining write-ins for Line 57 from overflow page								
5799.	TOTALS (Lines 5701 through 5703 plus 5798) (Line 57 above) ..								

(a) Insert the number of yes responses except for Canada and Other Alien.
Explanation of basis of allocation of premiums by states, etc.:

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART



SCHEDULE Y (continued)
PART 2 - SUMMARY OF INSURER’S TRANSACTIONS WITH ANY AFFILIATES

1	2	3	4	5	6	7	8	9	10	11	12	13
NAIC Company Code	Federal ID Number	Names of Insurers and Parent, Subsidiaries or Affiliates	Shareholder Dividends	Capital Contributions	Purchases, Sales or Exchanges of Loans, Securities, Real Estate, Mortgage Loans or Other Investments	Income/(Disburse- ments) Incurred in Connection with Guarantees or Undertakings for the Benefit of any Affiliate(s)	Management Agreements and Service Contracts	Income/ (Disbursements) Incurred Under Reinsurance Agreements	*	Any Other Material Activity not in the Ordinary Course of the Insurer's Business	Totals	Reinsurance Recoverable/ (Payable) on Losses and/or Reserve Credit Taken/ (Liability)
.. 95220 ..	.. 25-1756858 ..	Three Rivers Health Plans, Inc. ....	.. (17,600,000) ..	.....	.....	.....	.. (73,510,874) ..	.....	.....	.....	.. (91,110,874) ..	.....
.. 11139 ..	.. 62-1839257 ..	Better Health Plans, Inc. ....	.....	.....	.....	.....	.. (5,956,772) ..	.....	.....	.....	.. (5,956,772) ..	.....
.....	.. 25-1825549 ..	Three Rivers Holdings, Inc. ....	.. 17,600,000 ..	.....	.....	.....	.. 19,089,305 ..	.....	.....	.....	.. 36,689,305 ..	.....
.....	.. 25-1877716 ..	Three Rivers Administrative Servies, LLC. ....	.....	.....	.....	.....	.. 55,521,051 ..	.....	.....	.....	.. 55,521,051 ..	.....
.....	.. 25-1767588 ..	Three Rivers Health Management Company, Inc. ....	.....	.....	.....	.....	.. 4,857,290 ..	.....	.....	.....	.. 4,857,290 ..	.....
.. 11775 ..	.. 32-0062883 ..	BETTER HLTH PLANS OF SC INC .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
9999999 Totals .....			.....	.....	.....	.....	.....	.....	X X X	.....	.....	.....

Schedule Y Part 2 Explanation:

SUPPLEMENTAL EXHIBITS AND SCHEDULES

INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

	Response
MARCH FILING	
1. Will the Medicare Supplement Insurance Experience Exhibit be filed with the state of domicile and the NAIC by March 1?	No
2. Will the Supplemental Compensation Exhibit be filed with the state of domicile by March 1?	Yes
3. Will an actuarial certification be filed by March 1?	Yes
4. Will the Risk-based Capital Report be filed with the NAIC by March 1?	No
5. Will the Risk-based Capital Report be filed with the state of domicile, if required by March 1?	No
6. Will the SVO Compliance Certification be filed by March 1?	Yes
7. Will the Life Supplement be filed with the state of domicile and the NAIC by March 1?	No
8. Will the Property/Casualty Supplement be filed with the state of domicile and the NAIC by March 1?	No
APRIL FILING	
9. Will Management's Discussion and Analysis be filed by April 1?	Yes
10. Will the Long-term Care Experience Reporting Forms be filed with the state of domicile by April 1?	No
11. Will the Investment Risks Interrogatories be filed by April 1?	Yes
JUNE FILING	
12. Will an audited financial report be filed by June 1 with the state of domicile?	Yes
Explanations:	

Bar Codes:

Medicare Supplement Insurance Experience Exhibit



111392003360000002003Document Code: 360

Risk-Based Capital Filing



111392003390000002003Document Code: 390

Health Life Supplement



111392003205000002003Document Code: 205

Health Property / Casualty Supplement



111392003207000002003Document Code: 207

LTC Experience Reporting Form C



111392003330000002003Document Code: 330

OVERFLOW PAGE FOR WRITE-INS

UNDERWRITING AND INVESTMENT EXHIBIT
PART 3 - ANALYSIS OF EXPENSES

		1	2	3	4
		Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
2504.	Training and Education .....	.....	..... 13,826	.....	..... 13,826
2505.	Meetings .....	.....	..... 18,525	.....	..... 18,525
2506.	Miscellaneous Expense .....	.....	..... 29,128	.....	..... 29,128
2597.	Summary of overflow write-ins for Line 25 .....	.....	..... 61,479	.....	..... 61,479

E01 Schedule A - Part 1 Real Estate Owned - NONE

E02 Schedule A - Part 2 Real Estate Aquired - NONE

E03 Schedule A - Part 3 Real Estate Sold - NONE

E04 Schedule B - Part 1 Mortgage Loans Owned - NONE

E05 Schedule B - Part 2 Mortgage Loans Sold - NONE

E06 Schedule BA - Part 1 Invested Assets Owned - NONE

E07 Schedule BA - Part 2 Invested Assets Sold - NONE

SCHEDULE D - PART 1

Showing all Long-Term BONDS Owned December 31, of Current Year

1	2	3	Interest		6	7	8	9	10	11	12	13	Interest		16	17	18	19	20	21
			4	5									14	15						
			Rate of	How Paid									Amount Due and Accrued Dec. 31 of Current Year on Bonds not in Default	Gross Amount Received During Year		Increase (Decrease) by Foreign Exchange Adjustment	Amount of Interest Due and Accrued Dec. 31 Current year, on Bonds in Default as to Principal or Interest	NAIC Designation	Date Acquired	Effective Rate of Interest
CUSIP Identification	Description	*			Maturity Date	Option Date	Option Call Price	Book/ Adjusted Carrying Value	Par Value	Rate Used to Obtain Fair Value	Fair Value	Actual Cost			Increase (Decrease) by Adjustment					
U.S. Governments - Issuer Obligations																				
9128275F5 ...	US Treasury Note .....	.....	5.250	M,N	05/15/2004	.....	.....	201,244	200,000	101.5630	203,126	207,250	1,313	7,111	(3,389)			1	03/12/2002	3.501
9128275M0 ..	US Treasury Note .....	.....	6.000	F,A	08/15/2004	.....	.....	918,710	900,000	103.0310	927,279	961,875	20,262	24,108	(29,892)			1	07/17/2002	2.579
0199999 Subtotal - U.S. Governments - Issuer Obligations								1,119,954	1,100,000	X X X	1,130,405	1,169,125	21,575	31,219	(33,281)			X X X	X X X	X X X
0399999 Subtotal - U.S. Governments								1,119,954	1,100,000	X X X	1,130,405	1,169,125	21,575	31,219	(33,281)			X X X	X X X	X X X
5499999 Subtotals - Issuer Obligations								1,119,954	1,100,000	X X X	1,130,405	1,169,125	21,575	31,219	(33,281)			X X X	X X X	X X X
6099999 Grand Total - Bonds								1,119,954	1,100,000	X X X	1,130,405	1,169,125	21,575	31,219	(33,281)			X X X	X X X	X X X

E09	Schedule D - Part 2 Sn 1 Prfrd Stocks Owned -	NONE
E10	Schedule D - Part 2 Sn 2 Common Stocks Owned -	NONE
E11	Schedule D - Part 3 LT Bonds/Stock Aquired -	NONE
E12	Schedule D - Part 4 LT Bonds/Stock Sold -	NONE
E13	Schedule D - Part 5 LT Bonds/Stocks Aquired/Disp -	NONE
E14	Schedule D - Part 6 Sn 1 -	NONE
E14	Schedule D - Part 6 Sn 2 -	NONE
E15	Schedule DA - Part 1 ST Investments Owned -	NONE
E16	Schedule DB - Part A Sn 1 Opt/Cap/Floor Owned -	NONE
E16	Schedule DB - Part A Sn 2 Opt/Cap/Floor Aquired -	NONE
E17	Schedule DB - Part A Sn 3 Opt/Cap/Floor Term -	NONE
E17	Schedule DB - Part B Sn 1 Opt/Cap/Floor In-force -	NONE
E18	Schedule DB - Part B Sn 2 Opt/Cap/Floor Written -	NONE
E18	Schedule DB - Part B Sn 3 Opt/Cap/Floor Term -	NONE
E19	Schedule DB - Part C Sn 1 Col/Swap/Frwr Open -	NONE
E19	Schedule DB - Part C Sn 2 Col/Swap/Frwr Opened -	NONE
E20	Schedule DB - Part C Sn 3 Col/Swap/Frwr Term -	NONE
E20	Schedule DB - Part D Sn 1 Futures Contracts Open -	NONE
E21	Schedule DB - Part D Sn 2 Futures Contracts Opened -	NONE
E21	Schedule DB - Part D Sn 3 Futures Contracts Term -	NONE
E22	Schedule DB - Part E Sn 1 Counterparty Exposure -	NONE

SCHEDULE DM

For bonds and preferred stocks owned as of December 31, state the aggregate statement (admitted) value, the aggregate fair value, and the aggregate difference, if any, between them.

	1	2	3
	Statement (Admitted) Value	Fair Value (a)	Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
1. Bonds	1,119,954	1,131,436	11,482
2. Preferred Stocks			
3. TOTALS	1,119,954	1,131,436	11,482

(a) Amortized or book values shall not be substituted for fair values. Describe the sources or methods utilized in determining the fair values.: Fair Value rate was furnished by First Tennessee Capital Markets as of 12/31/2003.

SCHEDULE E - PART 1 - CASH

1			2	3	4	5	6
Depository			Rate of Interest	Amount of Interest Received During Year	Amount of Interest Accrued December 31 of Current Year	Balance	*
open depositories							
PNC Bank - Operating Account	Monroeville, PA		0.847	87,868	5,890	8,429,964	X X X
PNC Bank - ASO Account	Monroeville, PA		0.698	8,525		29,050	X X X
0199998 Deposits in .....1 depositories that do not exceed the allowable limit in any one depository (See Instructions) - open depositories			X X X			2,386	X X X
0199999 Totals - Open Depositories			X X X	96,393	5,890	8,461,400	X X X
0299998 Deposits in depositories that do not exceed the allowable limit in any one depository (See Instructions) - suspended depositories			X X X				X X X
0299999 Totals - Suspended Depositories			X X X				X X X
0399999 Total Cash On Deposit			X X X	96,393	5,890	8,461,400	X X X
0499999 Cash in Company's Office			X X X	X X X	X X X		X X X
0599999 Total Cash			X X X	96,393	5,890	8,461,400	X X X

TOTALS OF DEPOSITORY BALANCES ON THE LAST DAY OF EACH MONTH DURING THE CURRENT YEAR

1. January	8,752,068	4. April	8,687,074	7. July	8,880,324	10. October	8,279,034
2. February	8,387,523	5. May	8,344,832	8. August	8,071,499	11. November	7,931,811
3. March	8,802,374	6. June	8,762,681	9. September	8,033,562	12. December	8,461,400

SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments owned December 31 of current year

1	2	3	4	5	6	7	8
CUSIP Identification	Description	Date Acquired	Rate of Interest	Maturity	Book/Adjusted Carrying Value	Amount of Interest Due & Accrued	Gross Investment Income
<div>NONE</div>							
0199999 Total Cash Equivalents

SCHEDULE E - PART 3 - SPECIAL DEPOSITS

1 Line Number	2 Type	3 Description of Deposit	4 Where Deposited and Purpose of Deposit	5 Par or Book Value	6 Statement Value (a)	7 Fair Value
Tennessee						
TN00001	B	USTNTS, 6.000, 08/15/2004	TN RSD by Tennessee Code/Title 56 insurance 56-32-212	900,000	918,710	927,279
TN00002	B	USTNTS, 5.250, 05/15/2004	TN RSD by Tennessee Code/Title 56 insurance 56-32-212	200,000	201,244	203,126
TN99999	Subtotals - Tennessee			1,100,000	1,119,954	1,130,405
XX99999	Subtotals - Special Deposits Not Held for the Benefit Of All Policyholders, Claimants and Creditors of the Company			1,100,000	1,119,954	1,130,405
9999999	Totals			1,100,000	1,119,954	1,130,405

(a) Including \$...... cash and short-term investments as defined in SSAP No.2 of the NAIC Accounting Practices and Procedures Manual.